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No. 30.972

Weekend October 14/October 15 1989

WORLD NEWS

Police use teargas at Sisulu home

South African police fired teargas at 200 wellwishers and journalists outside the Soweto home of Walter Sisulu, a jailed is expected to be freed with seven others this weekend.

Restrictions on his wife Albertina, a prominent anti-apartheid campaigner, were lifted yesterday. Page 2

Bullion case remands

Three people charged in connection with an alleged plot to launder more than £16m from the £26m Brink's-Mat gold bullion raid six years ago were remanded in custody for a

remanded in custony for a week at Horseferry Road court, south west London.

They are charged with conspiring with businessman Kenneth Noye, solicitor Michael Relton, minicabs company chief Brian Perry, and Gordon Parry, e millionaire property oper fighting extradition from Spain. A 28-year-old woman was freed on £50,000 ball for six weeks.

Virus hits charity

A computer virus has caused damage of £25,000 to the net-work at the Royal National Institute for the Blind's employment technology unit. Beating the viruses, Page 24

Two more UDR charges Two more soldiers from the Ulster Defence Regiment have been charged with firearms offences following raids by police last Sunday.

Explosives charge

A Londonderry man living at East Ham, east London, appeared at Marylebone court charged with having explosive.

Bush 'would use force' US President George Bush said he would not mind using force to oust General Manuel Noriega in Panama if it could be done "in a prudent manner". Page 2

Gadaffi visit

with a

Libyan leader Col Muammer Gadaffi is to visit Egypt for the first time in 16 years for talks with President Hosni

Japan's pinball probe Japanese Premier Toshiki Kaifu ordered an informal investigation into allegations of illegal donations made to politicians by the pachinko (pinbali) industry. Page 3

Czech editors detained Police detained two editors of Czechoslovakia's leading independent newspaper Lidovy Noviny, on suspicion

235 guerrillas cleared An Italian court in Rome acquitted 253 Red Brigade guerrillas, many already jailed for other terrorist crimes, of armed insurrection and civil

Pope hits at birth control Pope John Paul attacked birth control at the end of his five-day visit to Indonesia, the world's fifth most populous country with 178m people.

war, after an eight-month trial.

Former Labour Party leader Michael Foot, MP for Blaenau Gwent, is to retire from Parliament at the next election.

25m cannabls setzers Four people were being ques-tioned by Customs officers after a yacht carrying cannahis with a street value of 25m was seized off Falmouth, Cornwall.

It is the largest drug haul in Britain this year. Stamp auction record A block of four stamps with an aircraft printed upside down sold for \$1.1m (£709,000)

at Christie's, New York, setting

a world stamp auction record.

Tonypandy recovers Lord Tonypandy, 80, reapared in public after recover ing from stomach cancer.

MY stocks dive on UAL

deal doubts WALL STREET stocks

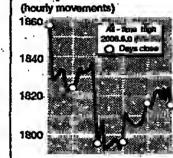
index was down 94.06 points at 2,665.78. Earlier story, Page 24; With United, BA can lead

FRENCH GOVERNMENT approved a FFr40bn (£4bn) long-term strategy for foreign acquisitions by state-owned

CAIRD GROUP, e growing UK waste disposal concern, launched a £34.5m rights issue, offering two convertible preference share at 100p for every ordinary share held. Page 10

less week with an erratic session. Having closed last Friday at 1,857.8 points, the FT Ordi-

Ordinary share



9 . Oct 1989 13

day at 1,815. Page 17

DRESDNER BANK, second-biggest West German financial institution, moved into the French market by agreeing to pay Societe Générale FFr528m (£52.6m) for an initial stake in Banque Internationale de Placement, Page 12

FIRST CHICAGO was latest in a trail of US banks to armounce losses because of Third World loan provisions. its third-quarter loss of \$23.3m (£14.9m) was caused by a \$200m provision, but First Chicago said it was well enough capitalised not to need to sell

PRIMERICA. US financial services conglomerate, reported third-quarter net income of \$78.3m (£50.1m), bringing net income for the first nine months to \$193.1m. Page 12

AMR stock surged on Wall Airlines arm were planning a counterbid to Donald Trump's \$7.5bn (£4.8m) offer

WH SMITH, UK retailer, Price Music arm, who WHS

PERGAMON AGB, market research company controlled by Robert Maxwell, is writing off its outstanding £36m invest-ment in engineering group Hollis Industries. Interim taxable profits dropped from £5.5m to £700,000 after interest costs surged. Page 10

EMPLOYMENT: The numbers the first increase since the early 1970s, according to EC statistic. The rise was due to a boost in the service sector.

UK financial services group, swing back into the black with interim pre-tax profits of £1.45m after full-year looses of £1.37m last year. Page 10

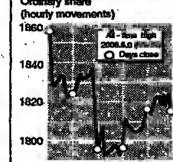
BUSINESS SUMMARY

WALL STREET stocks
nosedived yesterday when it
emerged that the planned buyout of UAL, United Airlines'
owner, may have run into financing problems.
By early afternoon in New
York, the Dow Jones industrial
index was down 94 08 points

companies. The aim is to enable state concerns to compete in world markets.

LONDON stocks ended a rest-

FT Index



nary share index dipped below 1,800 on Wednesday and ended the day 2.7 points lower yester-

new shares. Page 12

Street on reports that top management at AMR's Amercian

for the airline. Page 12 dropped its damages claim against five ex-directors and senior employees of its Our claimed had tried to set up a competing business. Page 4

MICHAEL KNIGHTON, UK property developer who earlier this week dropped his bid for Manchester United football chib, was censured by the Takeover Panel, UK bids and deals watchdog, for breaching takeover rules. Page 24

work in the European Commu-nity rose by 2.3m last year, APTKEN HUME International,

Party members said the

Team approach: Margaret Thatcher makes the unusual gesture at the conference of gathering her team around her Thatcher signals slower pace of radical reforms By Philip Stephens, Political Editor

MRS Margaret Thatcher, the Prime Minister, has signalled e slowdown in the Government's

slowdown in the Government's radical programme of reform and heralded a determined onslanght on Mr Neil Kinnock's revamped Labour Party.

The Prime Minister has been telling her ministers to "ease off" from introducing contro-versial legislation in tha run-up to the next general elec-

This shift in approach emerged et the Conservative party conference in Blackpool where Mrs Thatcher yesterday offered strong backing to Mr Nigel Lawson, the Chancellor, in her closing address. Mrs Thatcher echoed Mr

Lawson's confidence that high interest rates would succeed in bringing a sharp reduction in the inflation rate and repeated his sentiment that British "industry must not expect to find refuge in a perpetually depreciating currency.

By Patrick Harverson, Economics Staff

INFLATION rebounded last month after a

sharp fall in August, unsettling financial markets yesterday and underlining the

Government's statements that interest rates will remain high until inflation is

brought under control.

The retail prices index rose 0.7 per cent in September to take the annual rate of

inflation to 7.6 per cent, compared with

7.3 per cent in August. It was the highest monthly rise in inflation since April.

eted Mr Lawson with his predecessor, Sir Geoffrey Howe, as "tha two finest Chancellors since the war".

Sha devoted much of her speech to ettacking both Labour's policy review and Mr Stage-managing the

Editorial comment . Page 8 Nell Kinnock's qualifications as a potential prime minister, acknowledging that this year's

conference season has seen the decisive re-emergence of "two-party" politics. In spite of a confident assessment yesterday of the Govern-ment's achievements, Mrs Thatcher has been privately urging her cabinet ministers to try to avoid contentious politi-

cal decisions in the second

phase of the present parlia-

The legislative programme epreciating currency. for the new session of parlia-The Prime Minister brack- ment starting next month is still relatively heavy and con-tains the difficult proposals to reform the health service and to liberalise broadcasting, but e number of other bills have been deferred.

Mrs Thatcher yesterday reinforced her desire to dampen some of the controversy surrounding the Govern-ment's programme by stressing its unequivocal commitment not to privatise the health service and hy pointing to its plans to improve the respon-siveness to public demands of other state services.

She made no mention of other contentious policy areas such as the introduction of the community charge or poll tax or the planned privatisations of the electricity and water indus-

The week has not only seen a change in presentation at the conference by emphasising the party's commitment to "qual-ity of life issues." It has also festo on which they will fight the election. The strategic plan for envi-

ing the outlines of the mani-

ronmental policy by Mr Chris-topher Patten, the Environ-ment Secretary, the decision to defer a commitment to rail privatisation and calls from several ministers for improved public services are seen by ministers as a marked shift in

One senior minister described the shift as one from the radical reforming phase to the political phase of

the present Government."

Mrs Thatcher is also backing the move hy Mr Kenneth Baker, the party chairman, to stress the Government's "team

In an unusual gesture after yesterday's speech, she gath-ered her Cabinet around her on the conference platform to pose for the television cameras.

Continued on Page 24 City unsettled as inflation rate rebounds

inflation in his autumn statement next

City analysis had been forecasting a rise to 7.4 per cent and, after the figures were released by the Central Statistical The Treasury pointed out that underly-Office yesterday morning, share prices ing inflation grew at a less rapid rate. It lost some of their early gains and the pound fell 4 pfennig against the D-Mark. The latest figures confirm that the fore-cast of 5.5 per cent inflation made by Mr said that if the effect of changes in mort-gage interest rates were excluded, infla-tion rose by 0.1 per cent in September, taking the annual underlying rate to 5.8

Continued on Page 24 Questions over the British miracle, Page 8; Carrencies, Page 13; Lex, Page 24

Bank warns on property lending

By Peter Norman, **Economics Correspondent**

MR Robin Leigh-Pemberton. the Governor of the Bank of England, yesterday warned banks to re-examine their lend-ing to property companies fol-lowing last week's increase in bank base rates to 15 per cent. Speaking to a meeting of the

Royal Institution of Chartered Surveyors in Paris, Mr Leigh-Pemberton said there had been e 50 per cent increase to £30bn in banks' loans to property companies in the year to Angust.
"We cannot neglect the pos-

sibility that current levels of interest rates may challenge the assumptions underlying soma of this lending," Mr Leigh-Pemberton said. There must be room for debate over whether there would be suffi-cient demand in the early 1990s for new office space that would then be available, he added. Although the Governor said the Bank's supervisory divi-

sion did not see property lending as a "major anxiety," he said supervisors were on the alert for concentrated risks to particular property companies development groups or geographic areas. "Exposures to the more

highly geared companies might well be singled out for special attention, as might the viability of the underlying projects in limited recourse finance ings," the Governor added.
It has been known for some

months that Bank supervisors have been monitoring banks property exposures closely The speech depressed bank and property share prices. Mr Leigh-Pemberton sought to dispel worries that the Bank

feared the sector was heading for a crisis similar to that of the early 1970s. He pointed out that lending to tha property sector was spread across a wider range of hanks than 15 years ago with the large London branches of trongly capitalised foreign

strongly capitalised foreign banks now participating significantly in the market. However, figures released by the Bank on Thursday showed that British retail hanks increased their lending to prop erty companies by 55 per cent to £13.34bn in the year to August. At the same time, lending to the sector by Japa nese banks in London more than doubled to £2.59bn from 21.11bn while British-based US banks increased their property loans by 33 per cent to £2.24bn. Property groups under pressure, Page 4; Lex, Page 24



HOW GREEN IS MY CARROT?

Demand for organic food is fer outstripping supply. Bridget Bloom asks just how much we are prepared to pay for crops grown free from chemical fertilisers and pesticides

Finance

Page I

Sera Webb looks at the surge in remortgages as borrowers seek help. Clare Peerson examines the customer incentives for weter privatisation Pages III-VIII

Diversions

Gerald Cadogan rejoices at the unearthing of Shakespeare's Globe Theatre IXX

How to Spend It Peter Knight seeks value for money in the camcorder market Pages XXIII

Arts The dangers behind de-accession Pages XVI-XV

Survey Five pages of unit trusts Pages IX-XIII

Honecker frees demonstrators and urges fundamental reform

Nigel Lawson, the Chancellor, in the Bud-

get in April was over-optimistic. Mr Law-

son will announce a new forecast for

By Leslie Colitt in East Berlin and David Marsh in Bonn

tions rocked his country.

His speech came as East Ger-many announced the release of nearly all demonstrators arrested in last weekend's anti-government disturbances and those who had attempted to leave the country.

Mr Honecker, 77, said the
next meeting of the Central

Committee, expected later this month, would present the party's proposals for change. Mr Honecker stressed continuity of his brand of socialism and did not admit to having made any errors. He appealed to all citizens to take part in a dialogue with

tha party, contributing their "ideas, proposals and initia-tives." In an oblique reference to the recent popular unrest, he said the ruling Polithuro would confer with "all citi-zens" in the light of "newly-ripened needs."

FUNDAMENTAL changes and reforms are needed in East Germany, Mr Erich Honecker, the country's leader, said yesterday in his first public remarks since mass demonstrations for the oming Central Committee meeting was likely to be the liveliest in decades. It was uncertain whether the alling Mr Honecker would remain in office, they said, although he gave no signs of wanting to

step down. Mr Honecker's remarks were made at a meeting with leaders of parties allied with his Socialist Unity (Communist) Party. The East German leader, whose grip over the party apparatus has appeared to slip over the past week, held talks yesterday with leaders of "sat-ellite" parties that play a nominal part in the government. Dr Manfred Gerlach, head of

ous dig at the Communists. Hours after Mr Honecker spoke, it was announced that

the Liberal Democratic Party, noted in a speech on Thursday that Mr Mikhall Gorbachev, the Soviet leader, had said no party was in possession of the "political truth." Politics was more than marely "retaining power," he noted, in an obvi-

demonstrators arrested last

week and those who attempted

to leave the country for Hun-

gary and Poland would be freed, except those involved in

The official East Berlin news

agency said that all those detained in unrest connected with the state's 40th anniver-sary on October 7 had been freed, spart from 11 charged with violence. It gave no figure for the numbers released, but it is assumed that several hundred people are still in custody. Tha releases follow an unprecedented public appeal yesterday to free prisoners by Mr Wolfgang Vogel, the Berlin lawyer who handles East Germany's delicate humanitarian problems.

Mr Vogel, who has acted for thousands of political prisoners ransomed to West Germany by the DDR in the past 25 years, urged "corrections" and "practices based on the rule of law." After the release of thon-sands of East German emigres via West Germany's embas in Prague and Warsaw in the past month, he said, continuing detention of other would-be emigres contravened the prin-ciple of equal treatment.

14,15

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RATES Fed Funds 812 % 3-mo Treasury Bills: yield: 7.96% Long Bond: 1014 yield: 8.02% Chief price changes yesterday: Page 24

DOLLAR New York h FFr8.4185 SFr1.862 Y143.3

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The Thatcher experiment: ...

Questions over the British miracle Mouse in the News: ... Mickey Mouse Editorial comment: ... Thatcherism redefined Change in eastern Europe: --The many roads from socialism The Wallenberg mystery: _

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S African aggression 'costs \$10bn'

By Julian Ozanne in Nairobi

SOUTH AFRICA'S "export of violence" and its "deliberate destruction of economies and lives with neighbouring states has had a devastating impact on the economic develop and human well-being of the front-line states in southern Africa, says a report published today by the United Nations Economic Commission for

Pretoria's military aggression and its economic de-stabilisation cost the region US\$10bn (66.5bn) in 1988, or 40 per cent of the achieved regional gross domestic product. In the absence of war, the report says, the regiou's annual GDP growth trend would have been five per cent, rather than the three per cent

Since 1980, 1.5m lives have been lost, over half of them

from war-induced starvation, the destruction of health services and civilian/military

Another 1.5m have fled their countries, 6.1m are internally displaced, and countless more have been thrown into poverty, notes the report. "This is a holocaust," it adds.

Over the period 1980-1988, the available period 1980-1988,

the cumulative regional cost of South Africa's "total strategy" was \$60hn. According to the study, most of these costs have been incurred as a result of the destruction of transport routes, direct war damage, higher energy costs, destruction of export commodities, reduced productivity through rural ter-rorism, trade boycotts and embargoes by South Africa and extra costs on defence and transport. Mozambique and Angola are

been a key target, says the report, because its transporta-tion network is vital to the region's attempts to reduce dependence on South Africa.

Pretoria's policy of "commando attacks, sabotage of economic installations and mass terrorism", mostly car-ried out by the South Africantrained and financed Renamo rebel group, have caused nearly im war related deaths, driven 4.6m people from their homes and cost the country \$15bn between 1980 and 1988. Most of the economic losses

the report attributes to the devastation of the three main

having borne the brunt of

South African regional desta-bilisation. Mozambique has els and their economic sabotage of key transport routes, such as the Benguela railway, contributed to an economic loss of \$4.5bn in 1988, and \$27bn-\$30bn between 1980 and 1988. An estimated 500,000 lives were lost during this period and more than a third of the population uprooted from their The report calls for toucher

tary support for the Unita reb-

economic sanctions and embar-gues against South Africa and says the external funding needs of the region to amelioneeds of the region to amelio-rate the burden of South Afri-can aggression are \$3.5bn per annum, \$2.5bn more than is currently being provided by the international community. South African Destabilisation: Economic Cost of Frontline Resistance to Apartheid. A UNECA publication. UN, New York, NY 10017



Presidents Carlos Menem of Argentina, Alan Garcia of Peru, José Sarney of Brazil, Carlos Salinas of Mexico and Carlos Andrés Pérez of Venezuela at the summit of seven Latin Ameri-can presidents at Ica, Peru.

The presidents, also including Mr Virgilio Barco of Colombia

By Peter Riddell, US Editor, in Washington

REPUBLICAN and Democratic

HEPUBLICAN and Democratic leaders of the US Senate yesterday ended a 10-day deadlock over the legislation to reduce the budget deficit, but probably not in time to avoid across-the-board cuts of around

\$16bn on Monday.
Party leaders agreed to strip
out of the deficit reduction bill

the many extraneous proposals

and to postpone a vote on the controversial issue of cutting capital gains tax until later

this autumn.
Senator Pete Domenici, the senior Republican on the Senate budget committee, said

that his side had agreed to postpone their fight for a capi-tal gains tax cut until either a

bill later this month increasing

the federal debt ceiling or a separate revenue bill. The deal

By Nancy Dunne in Washington

CONCERN about inflation in

the US economy reappeared yesterday after the US Labour

Department reported that wholesale prices, fuelled by higher energy costs, jumped 0.9 per cent in September.

The upturn in price rises, after three months of declines, brought the annual wholesale inflation rate for the first nine

months of the year to 5.1 per cent. US wholesale inflation was 4 per cent in the whole of

At the same time, consumers

were buying more than expec-ted. The US Commerce Depart-ment said preliminary retail

sales last mouth, adjusted for

seasonal holiday and trading-

day differences but not price changes, were \$145.2bn, a rise of 7 per cent above September

US Congress ends deadlock on

is intended to speed the already delayed budget process, but there will probably not be time this weekend for a lengthy Senate-House conference to resolve differences in

the contrasting versions of the bill to be passed by the inid-Oc-tober deadline.

Mr Leon Panetta, the Demo-

cratic chairman of the House budget committee, said that the latest calculation of the

scale of across the board cuts needed under the sequestration procedure was just over \$16bn.

The cuts will apply equally to defence and to domestic programmes (excluding social security), though they can be restored once a budget is

President George Bush had yesterday continued to press

The largest rise in retail

business was reported for pet-rol service stations, up 6.8 per cent, and food stores, up 6.7 per

cent, and rood stores, up 8.7 per cent from the previous year.

The jump in wholesale prices had been largely foreseen by market analysts, who had pre-dicted a rise of 7-8 per cent.

Contributing to the large September rise in wholesale

prices was an aberration in the

incentives earlier in the sum-

mer than usual, so that when

prices rose to normal levels, it

was earlier than in past years. More than balf of the infla-

tion rise was attributed to a 6.5

per cent climb in energy

prices, which had dropped in the previous three months. Food prices, which were

equally volatile, dropped by

asurement of vehicle prices.

Upturn in rate of US wholesale

price rises fuels inflation fears

budget after truce on tax cuts

and Mr Julio Sanguinetti of Uruguay, ended the summit with a ringing condemnation of Panama's military government and a pledge to support the fight against the region's cocaine barons. They stopped short of expelling Panama, a founder member of their so-called Group of Eight.

for the inclusion of a cut in

capital gains tax in the deficit reduction bill, though he point-edly left it to Republican lead-

ers in Congress to work on the

compromise. Senator George Mitchell, the

Senator George Mitchell, the Democratic majority leader, had said that "without a doubt" he had enough votes to prevent the capital gains tax cut being considered as part of the bill. Under Senate procedures, 60 votes out of 100 are needed to add the tax cut onto the bill at this stage.

the bill at this stage. However, the Republicans

reckon they can attract suffi-cient bi-partisan support to include the cut in another mea-sure. But this in turn could be

blocked, as 60 votes are required to cut off a debate which is being fillbustered.

0.6 per cent last month.

The index for consumer goods other than foods and

energy rose 0.6 per cent on top of an 0.5 per cent increase in August. This was partly due to

August. This was party one to vehicles, but prices were also up for floor coverings, home furnishings, and periodicals. Declines were noted for alcoholic beverages, home electronic equipment, cosmetics and gold jewellery.

The wholesals price for cont-

tal equipment; rose a modest 1 per cent in September, after an increase of 0.3 per cent the pre-

vious month. Price rises declined for textiles machin-

ery, communication equip-

ment, electro-medical equip-ment, commercial furniture, oil

field and gas field machinery and metal forming machine

rail corridors to the force mam Nacala, Beira and Maporto, lost production and exports, and excess defence spending. In Angola, Pretoria's milisingled out by the report as ANC warning over release of prisoners

By Christina Lamb

MR Thabo Mbekhi, foreign affairs spokesman of the ban-ued African National Congress, yesterday warned Common-wealth heads of government "not to be fooled" by Sonth African President FW de Klerk's announcement that eight prominent political pris-oners would be released uncon-

monwealth governments at their summit in Kuala Lumpur next week.

Mr Mbekhi, who will bead

the ANC delegation to the summit, said: The release of prisoners should not be seen as a shift in policy...our strug-gle is to demolish apartheid, not to free Nelson Mandela." ditionally.

He said the ANC would demand tougher sanctions against Pretoria from Com-

sanctions to give Mr de Klerk a chance to show he was committed to reform.

He criticised Mrs Margaret
Thatcher, the British Prime Minister, for the British Gov-ernment's refusal to meet ANC leaders and her opposition to forthcoming Commonwealth proposals to step up sanctions.
"The notion that pressures should not be increased is a

The release of political prisoners is among a list of requirements the ANC and church leaders has presented as pre-conditions to negotiations. Mr Mbekhi said other descents are the lifetime of demands, such as the lifting of the state of emergency and the abolition of political trials, had not been met.

He was not optimistic about the chances of negotiations with the South African Government in the near future.

prescription for encouraging De Klerk not to move." Pretoria lifts restrictions on Mrs Sisulu

THE South African authorities yesterday lifted restrictions on a prominent anti-apartheid activist, Mrs Albertina Sisulu, ahead of the imminent release from prison of her husband, Walter, Patti Waldmeir writes from Johannesburg. In the

black township of Soweto, outside Johannesburg, speculation intensified that Mr Sisulu, a over 25 years, would be released in time for big protest marches today. Mr Sisulu is

the most prominent of the eight long-term political pris-oners whose impending release was announced this week.

to the Eastern Cape. During her husband's imprisonment, Mrs Sisuh has herself become a leading figure in the anti-apartheid movement.

Mr Raymond Mhlaba, was reported to have been moved

senior African National Congress (ANC) official jailed for Six of the prisoners were yesterday moved to a prison near Soweto in preparation for being freed, while a seventh,

for Poles during visit By David Marsh in Bonn

MR Helmut Kohl, the West German Chancellor, will travel to Poland between November 9 and 14 to hold talks on providing economic aid to support reforms by the new government.

Kohl to discuss aid

Mr Hans Klein, the government spokesman, announcing the long-delayed trip yesterday, gave no figures for the amount of credits which could be extended. But he did not deny reports that Bonn could provide a government guarantee for between DM2bn and DM3bn (£1bn) of loans from banks.

This would follow the pattern of the credits West Germany is granting to Hungary to help economic restructuring. West German banks are negotiating DM500m in loans for Hungary, guaranteed by the Bonn government. This follows a credit of DM500m from banks in Bavaria and Baden-Württemberg, guaranteed by the regional governments in the two states, which was finalised

Mr Kohl yesterday met in Bonn Mr Gyula Horn, the Hungarian Foreign Minister. The Chancellor made clear the sympathy Budapest now enjoys in West Germany as a result of its help in allowing out to the West tens of thousands of East German

Warsaw also acted this month to allow East German fugitives in the West German embassy to go to the West.

Soviet grain harvest up

The Soviet Union's 1989 grain harvest was larger than previously forecast, the US Agriculture Department said yesterday, AP reports from Washington.

Production is now estimated at 205m tonnes, up 5m tons from the last forecast. Officials said the revision was due mostly to preliminary yield results published by Moscow.

Officials also said the USDA's estimate of Soylet grain imports

have been reduced by 2m tons to 35m tons for the trading year to The agency also announced an additional sale to the Sovie

Union of 100,000 tons of US corn for delivery in 1989-90 under a

Armenia trains running again

Freight trains have resumed carrying scarce food and fuel into Armenia, ending a protracted blockade imposed by the neighbouring republic, Azerbaijan, Reuter reports from Moscow.

Mr Nikolal Konarev, Soviet rail minister, told the Communist Party daily Pravda that the movement of goods, halted by Azerbaijani workers in August, was "changing for the better."

Two similar reports this month proved unfounded, with the blockade remaining in place and only consignments of rotten food getting through.

The blockade was imposed to press Armenians into dropping their claim to the disputed Azerbaijani enclave of Nagorno-Kara-bakh and was extended to Georgia last month when nationalist groups there refused to support Azerbaijani activists

Two Czech editors detained

Police have detained two editors of Czechoslovakia's leading independent newspaper on suspicion of subversion, Reuter

reports from Prague.

The newspaper's editorial board said yesterday that Mr Jiri Rumi, editor of Lidove Noviny, was detained on Thursday night after police searched his house for 14 hours. Earlier in the day police detained Mr Rumi's colleague, Mr Rudolf Zeman, after a separate search during which several documents were seized. Lidove Noviny, or People's News, has become the most influential Czechoslovak underground publication since its first issue 18 months ago. Its board includes playwright Vaclav Havel and dissidents Jiri Diensthier and Zdenek Urbanek.

Hungary referendum sought

A leading Hungarian opposition group presented a 67,302-signa-ture petition yesterday seeking a referendum on four issues it says are crucial to the country's return to multi-party democracy, Reuter reports from Budapest.

The move by the Alliance of Free Democrats (AFD) could torpedo plans by the ruling Hungarian Socialist Party, formed last Saturday from the Communist Party, to hold presidential elections on November 25.

A law passed this year requires parliament to debate holding a referendum if 50,000 citizens so demand, and to hold one if 100,000

request it.
The AFD says Hungary should not elect its president until after multi-party elections due by mid-1990.

Polish unions in pay protest

Poland's communist-linked union alliance protested yesterday against a government plan to limit automatic wage increases, as parliament debated the proposal, AP reports from Warsaw.

About 150 members of OPZZ, the union formed by the then communist government to supplant the independent Solidarity movement after martial law in December 1981, waited with ban-ners and flags outside parliament and presented a petition to Seim Speaker Mikolaj Kozakiewicz.

Moscow co-operation conference snubbed

By Quentin Peel in Moscow

set to fall very flat in Moscow this weekend, thanks to a virtual boycott by the European The conference amounts to

the first attempt by Comecon to bring fogether officials and experts at the highest level for a broad-ranging debate on the possibilities of future co-operation between the two blocks. However in spite of invita-tions to Mr Jacques Delors, the president of the European Commission, senior members of the Commission and top

officials involved in EC-Com econ relations, Brussels is

sending only one man.
On the Comecon side, the conference will be attended by Mr Vyncheslav Sychev, the secretary-general of Comecon,

Attack on EC 'overfishing' By W L Luetkens

OVERFISHING by European Community boats is threaten-ing the survival of fish stocks on the Grand Banks and Flemish Cap off the coast of Newfoundland, Mr John Crosble, the Canadian Minister for International Trade, said in London yesterday.

The Canadian complaint is that the EC is consistently ignoring catch quotas set in

the interests of conservation the Northwest Atlantic Fisheries Organisation. Quotas apply outside the 200-mile

adian waters. Mr Crosble, from Newfound-land, argued that overfishing would eventually hurt both Canadian and EC fishe

its bonanza today.

It booked more airliner orders in the first half of this

year than all of last year,

Boeing and the markets seem surprised that the machinists, numbering 58,000

across the company, walked

out, closing down production of civilian aircraft and military

equipment. But, ever the con-

summate planner, Boeing began in early summer prepar-

ing for the worst. For example, it retrained and recertified

supervisors to do their old pro-

duction-line jobs.
It has told airline customers

it will do the best it can using supervisory personnel. "We

won't compromise the safety or

quality of our product," said

Mr Paul Binder, a Boeing

spokesman. Nonetheless, the federal aviation administration

is bringing in more staff from

around the country to step up

which was itself a record.

zone, where Canada has full authority, to so-called straddl-ing stocks that migrate into

A PLANNED top-level conference on relations between Comecon and the European Community looks Mr Andrei Lukanov, current chairman of the Council of Ministers, and a string of other top officials.

The snub is part of a deliber-ate policy by the European Commission to play down direct links between the two organisations, in favour of developing bilateral links between the EC and individual Comecon member states, according to officials in Brus-

The Commission was appurently determined not to send anyone to Moscow who might be able to talk directly about EC-Comecon relations, and therefore be thought likely to carry forward the snall's pace of current negotiations. The boycott is a consider-

able disappointment for Con-econ, which is anxious to step up all possible contacts with the European Community.

Bush defends role in Panama

PRESIDENT George Bush said yesterday he would not mind using force to oust General Manuel Noriega in Panama if it could be done "in a prudent manne

At a White House press con-ference, Mr Bush offered his first extensive defence of his Administration's much-criticised role in the failed coup attempt against General Noriega 10 days ago. In face of extensive criticism

of confusion in White House decision-making and conflict-

ing official accounts of what happened, Mr Bush said: "I He have not seen any fact in all was re the reports that have come out that would have made me do something different in terms of using force.

well have done something dif-

Mr Bush claimed that the situation in Panama was "more unsettled than before" and refused to rule out further action, including force.

He admitted that if circumstances in the coup attempt had been different he might

He said the Administration was reviewing its procedures, though he described any changes to his crisis-management system as some "fine-tun-

After considerable recrimination this week over whether the Democrat-controlled Con-gress has obstructed Administration operations in Panama, Mr Bush said he wanted "as broad a power as possible, and I think under the Constitution the President has it."

Talks begin in Peugeot dispute

By William Dawkins in Paris

MANAGEMENT and union representatives at Pengeot, the French car maker, yesterday started their first talks to try to end the six-week pay strike which has halved production at the group's two biggest

at the group's two biggest assembly plants.

Negotiations opened yesterday afternoon after striking workers ended a nearly three-week sit-in at Mulhouse in north-eastern France, the condition set by Mr Jacques Calvet, Peugeot's chairman, for any discussions to begin. However, the two sides had made almost no concrete progress after 2½ hours of talks, said union officials. Management said the question of salaries said the question of salaries had been raised and was a sub-

ject for further discussion. ject for further discussion.

The strike itself continued yesterday at Mulhouse and nearby Sochaux, the second assembly plant hit, bringing to roughly 50,000 the number of vehicles lost or behind schedule because of the dispute, Some 1,000 workers of the two plants' combined workforce of 35,000 have refused to work 35,000 have refused to work since the start of last month, over a FFr1,500 per month wage claim. The management claims this is worth around 30

per cent. Yesterday's talks involved representatives of seven car industry unions and Mr Roland Vardanega, the group's personnel director.

Snanish . inflation up

By Peter Bruce in Madrid

THE Spanish Government was forced yesterday to swallow yet another bitter inflation pill after the publication of official figures showing a 1.1 per cent rise in the consumer price index in September.

The rise, the third biggest monthly jump this year, takes accumulated 1989 inflation to 5.9 per cent and lifts the yearon-year figure to 6.8 per cent. Underlying inflation, which excludes food and energy prices, is well over 7 per cent in Spein.

· No

Mr Carlos Solchaga, the Finance Minister, put a brave face on the figures, saying that they ran broadly in line with the Government's attempts to cool the economy down slowly.

Nevertheless, the price increases dash hopes, expressed after the low August figures were published, that inflation could be held to under 6 per cent for the year.

Planemakers seek a share of good times in the air Boeing workers say the company's full order books should mean higher pay, reports Roderick Oram

HE air of the Kingdome, a huge indoor sports arena in downtown Seattle, was thick with rhetoric and paper aeroplanes when 30,000 Bosing production workers voted overwhelmingly last k for their first strike in 12

This was their moment to fight for a bigger share in Boeing's prosperity, leaders of the machinists' union urged their members, since the company was flush with \$80bn (£52bn) of airiner orders, equal to some four year's work. "If you turn tail and run now, don't come back in three years begging for more," Mr

Justin Ostro, one of their senior officials, said. This was not just a small local war. This was the last chance the American labour movement had to win a big victory after more than a decade of retreat from tough management and economic

conditions. As the chants and cheers escalated, hundreds of workers showed Boeing what they thought of its final offer. They took sheets of paper carrying the terms, folded them into a familiar shape and launched them disdsinfully into the highly charged air. With feelings running strong, those could have been the last air-

Roeing dismisses the notion craft they make for a long that it and its component sup-pliers need the strike to catch their breath. It had put any No one is predicting how long the strike will last. Both sides say they are willing to resume negotiations, but they appear reluctant to make the first move in case it is taken as delivery delays or quality glitches, by products from increasing output by a third over the past two years, behind it this summer. a sign of weakness. Observers draw parallels with the 45-day strike in 1977, although Boe-ing's boom then is dwarfed by

"This great big production machine was performing extremely well" when the strike started, said Mr Phil milit, executive vice presi dent of Boeing Commercial Airplane, the company's air-liner subsidiary.

Roughly half of each airliner rolling off Boeing's assembly lines comes from some 3,000 outside subcontractors. "Ninety nine point something per cent of all parts are arriv-ing on time," Mr Condit says. But Boeing will be anable to make up time lost during the strike. The production process and supply chain are too com-plex and resources too fully utilised to allow any surge in output, Mr Condit adds.

oeing may not need breathing space, but its factory workers say they do, desperately. For more than a year, many of them have worked up to 12 hours a day, seven days a week, for three or four weeks on end while Boeing built up output.

"I understand you have lakes and green trees around here," one transplanted Texas, who had seen little more than the inside of a Boeing plant, told a local reporter. Stories of broken marriages, strained family life and health problems In its last offer before the

strike, Boeing said it would cut mandatory overtime from 200 hours a quarter to 160, but that is still considered too onerous by some workers.

Looming even larger is the issue of pay. Pleading poverty in the 1983 and 1986 settle-ments, Bosing gave no wage increases but only cost-of-liv-ing allowances and lump sum bonuses. "Dump the lump" has become a rallying cry for work-ers, because the bonuses do not increase their base pay or contribute to pension or other benefit calculations. For those very reasons, Boeing likes bonuses as a way of keeping the lid on overall employment

This time the company offered a wage increase of 4 per cent and bonus of 8 per cent in the first year, 3 per cent and 3 per cent in the second and a wage increase of 3 per cent alone in the third. Pay scales range currently from \$8.68 an hour to \$18.42. Boeing says the package rep-

resents an increase in income of about 25 per cent over three years, on top of near total com-pensation for inflation and before overtime. t is concerned about costs on both airliners and mili-tary equipment. On the first, it meets stiff competition

from Airbus Industrie of Europe and has little opportunity to raise prices because of the long-term nature of the business. On the second, it is already losing more money this year than last in an era of this year than last in an era or dwindling defence budgets. A generous machinists' set-tlement will have big repercus-sions in both Boeing and the aerospace industry. Some 27,000 of the company's engineers and technicians are already calling for pay increases totalling about 30 per cent over three years when their contract expires in December. Moreover, pay of many non-union staff reflects

union scales. Machinists are waiting to see the Boeing settlement before completing negotiations at McDounell Douglas and Lockheed. Neither company can afford to match Boeing, McDonnell Douglas is struggling to turn round its loss-making airliner manufacturing operations and Lockheed is

suffering from shrinking

defence orders.

But a far plumper Boeing can pay up, the machinists believe as they steel themselves for a gruelling fight.
Some local observers expect
the battle to worsen. Boeing
has hired so many people in
recent years that 40 per cent of
the machinists have never been through a negotiation before. Many are militant young workers lacking loyalty to Boeing, who could start chucking around things more potent than paper planes.

FINANCIAL TIMES

Published by the Financial Thres (Europe) Ltd., Pemikhut Remch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Demer, A.C. Miller, D.E.P. Palmer, Loudon, Printer: Frankfurter Societaes-Druckerel-GmbH, Frankfurt/Main, Responsible editor: Sir Geoffrey Owen, Financial Times, Number One Southwark Bridge, London SEI 9HL. o The Financial Times Ltd, 1989.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates \$365.08 per aumm. Second-class postage and at New York NY and at additional mailing offices. POSTMASTER, sead address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Financial Times (Scandinavia) Ltd, Ostergade 44, DK-1100 Copenhagen-K, Donmark, Telephone (01) 13 44 41. Fax (01) 935335.

OVERSEAS NEWS

Talks on new UK | Probe into credit line for Iraq postponed

AN ANNUAL trade meeting between Britain and Iraq to decide on a new UK credit line for exports to Baghdad has been postponed, amid continuing concerns about Iraqi arrears of up to £80m on the repayment of previous loans.

Mr Mohammad Mahdi Salais

Mr Mohammed Mehdi Saleh, the Iraqi Trade Minister and acting Finance Minister, was expected to sign a new agreement in London on October 26, hnt the UK Department of Trade and Industry said yester-day that the meeting of the UK-Iraq Joint Commission would be delayed until Decem-

The DTI hlamed the postponement on Iraq's declaration of October 25 as a national day for the rebuilding of the war-damaged town of Fao. Iraqi ministers would be expected to participate in the celebrations. However, hoth the Ireqi Embassy and the Arab-British Chamber of Commerce said they were still expecting Mr Saleh to attend a seminar organised by the Chamber in London on that day.

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British officials say the UK government will be unwilling to grant a credit line for Iraq as large as the £340m agreed last year, unless Bagbdad clears a substantial amount of the arrears. The credit lines

are backed by the Export Credits Guarantee Department

Although Britain remains a favoured creditor - some of its trading competitors are owed much larger sums of money in arrears by fraq – the Treasury is nawilling to increase Britain's exposure. ECGD medium-term cover

has bean periodically suspended because of the arrears over the past year, but Iraq continues to make payments, and medium-term cover was evailable yesterday. Short-term cover for Iraq is available on a restricted basis for continuing business, but

not for new business.
Iraqi arrears for British credits recently rose as high as £100m. Following a repayment, they are estimated to have fallen to slightly below £80m. More than half the arrears are said to be for medium-term

Relations between London and Baghdad are further strained by the refusal of the Iraqi authorities to grant consular access to Mrs Daphne Parish, a British nurse who has been detained incommunicado for more than three weeks. Mr Farzad Bazoft, a journalist for The Observer, is

Mediators struggle to keep Lebanese peace plan alive

By Lara Marlowe

ARAB League mediators yesterday held intensive consultations with Lebanese deputies meeting in Sandi Arabia in an effort to remove fresh obstacles to an accord on

the future of Lebanon.

The latest difficulties arose on Thursday night, after Gen Micbel Aoun, the Christian leader, had condemned an Arab plan for political reform that had been accepted earlier in the day by a 17-man working group composed of MPs from ail Lebanon's religious

communities. After Gen Aoun's statement in Beirut, in which he reiterated his determination to continue his "war of liberation" until Syria's 40,000 stalled again when Christian MPs renewed demands for written rather than verbal guarantees from the Arah League on a Syrian

Sixty-two of Lebanon's 73 surviving memhers of Parliament have been meeting in the Saudi town of Taif for 14 days in an effort to resolve differences over political

The Christian deputies feel

that their community bas already made important concessions in Saudi Arabia by accepting a reduction of presidential powers. But they are loath to compromise on the issue of a Syrian withdrawal and are now demanding that the Arab League guarantee at least a partial, symbolic departure of Syrian troops from Moslem West Beirut before the presidential election which is scheduled for the first week in November.

The Christians also want the document to specify that all Syrian troops must leave Lebanon three years after the election of a president. The working document would only require the Syrians to withdraw to the Be after two years.

Despite these difficulties, many Lebanese deputies continued to express optimism yesterday that the meeting could be brought to a successful close by Sunday. Four of the outspoken Christian deputies were scheduled to meet with Mr Husseini last night in an attempt to salvage the peace

pinball scandal

(pinball) industry.

than JSP members.

Mrs Mayumi Moriyama, the chief cabinet secretary, will

of being caught. According to a document

Party officials said they were considering suing Shukan Bun-shun over the allegations. Political donations are not illegal in Japan as long as they are properly declared and are not given in return for political

The pachinko industry is often associated with tax-avoidance and organised crime, so links with industry leaders would be embarrassing for pol-

 Japanese wholesale prices rose 3.3 per cent last month, compared with September 1988, increasing the fears of the monetary authorities about the risks of a resurgence in infla-

Concern about domestic raise interest rates.

Interest rate increases have een used to support the yen in foreign exchange markets to

per cent up, according to a report published yesterday by the central bank. The differ-ence highlights how the upward pressure in Japanese wholesale prices is largely

ordered

By Stefan Wagstyl in Tokyo

MR Toshiki Kaifu, Japan's prime minister, yesterday ordered an informal investiga-tion into a scandal over allega-tions of illegal donations made to politicians by the pachinko

His decision came after the Japan Socialist Party, the leading opposition party, published a report into the affair, which cleared it of any wrong-doing.
The JSP's move put pressure
on the prime minister to act,
since many more members of
the ruling Liberal Democratic Party allegedly received money from the pachinko industry

conduct the government's inquiry and is expected to report to Mr Kaifu in a week. The scandal broke when Shukan Bunshun, a weekly megazine, claimed JSP MPs megazine, claimed JSP MPs had, in exchange for donations, intervened in Diet debates on issues involving the pachinko industry. They allegedly opposed greater police powers to visit gaming halls and other premises, and the planned introduction of pre-paid cards to replace cash in pachinko parlours. Pachinko parlour operators are notorious tax-

released by the JSP yesterday, it received Y8.02m against Y124.8m allegedly paid to the LDP and its affiliated organisation, Giffs to the JSP included Y5.7m given at a party in Y5.77m given at a party in

dodgers. Pre-paid cards would greatly increase their chances

favours.

iticians.

inflation has been a principal reason behind the Bank of Japan's decisions this year to

mitigate rises in the cost of imports. Import prices were a full 8.3 per cent higher than in the same month last year, while domestic prices were just 0.1

flare-up follows his meeting with Mr Mubarak at the Arab League summit in Casablanca in May. Thet encounter led to an immediate sharp improvement in relations, and an invitation to Mr Mubarak to visit Tripoli for the recent 20th anniversary

celebrations of the Libyan revolution that brought Col Gadaffi to power.

The Egyptian President declined and sent a senior Minister instead, but it has been

clear for some weeks that the two countries were intent on

re-establishing a normal work-ing relationship after the strains of the past two decades.
Commercial flights have resumed, and the border has been re-opened. Relations were broken after Egypt signed its 1979 peace treaty with Israel. If Col Gadeffi's visit marks the formal resumption of rela-tions with Egypt, this will leave Syria as the only Arab state not to have re-established diplomatic links. Libya's decision to drop, for the time being, its hardline criticism of Egypt's peace treaty with Israel has made possible the

CALL TO JOIN US IN PRESERVING WORLD TRADING SYSTEM Mrs Hills' flattering appeals charm Japanese

By lan Rodger in Tokyo

THE Japanese media were fairly trembling this week in anticipation of the arrival of Mrs Carla Hills, the US Trade Representative, expecting that she would attack the country for all manner of evil trade practices.

But yesterday Mrs Hills charmed them with a combina-tion of smiles, generous admis-sions of American shortcomings and earnest and flattering appeals to Japan to join the US in an urgent effort to preserve the international trading sys-

At a press conference in Tokyo, she said the rise of non-tariff barriers and the increasing international trade in services and other areas not covered by rules under the General Agreement on Tariffs and Trade (Gatt) threatened

the entire trading system.

Japan and the US, as tha first and second most important trading nations, had special responsibilities to make sure that the Uruguay Round of trade negotiations in which these issues are being

ddressed, was a success.
"It is what we do, working together, which will determine whether we have competitive and open markets and growth in the future or protection and decline," she said. She also attempted to defuse Japanese anxieties about US

hilateral trade initiatives, claiming that they were not results aimed at managed trade or a reduction of the bilateral deficit The Structural Impediments

Initiative, which the US and Japan set up in the spring to

look at structural impediments to trade in both countries, was not results-oriented despite the US insistence on having an interim report in the spring and a final report next summer, she argued.

The US only expected that the interim report would indicate the two countries' deter-mination to produce a plan for tearing down their structural

"There is no reason why we cannot develop a plan," Mrs Hills said. The final report in the summer should contain that plan, plus, she suggested, a demonstration of the com-mitment of the two sides to the process "by putting down one or two bricks".

She also acknowledged that Japan, despite having trade barriers that must be removed.

was not to blame for the large US trade deficits.

"Of course, we would like to correct the trada imbalance, but we both know that it is macro-economic factors that drive up the deficit and the surplus," she said.

The US had to take action to increase its savings and close the gap between savings and investment, and Japan had to increase its consumption rate.

Mrs Hills took a benign view of the rise of hestility in the of the rise of hostility in the US towards Japan, as evi-denced in a recent opinion poll

in which a majority saw Japan as a bigger threat than the "I believe it expresses a cer-tain amount of anxiety and frustration among the US peo-

ple. "There is a strong feeling of

inequity when the US markets to hny stores, farms, stocks and businesses are open and

foreign ones are not. "I think we must work together to bring down that level of frustration. It is not good for Japan or the US.

"I do not see Japan's economic power as a threat. I think it is a wooderful eccomplishment."

She acknowledged that some US congressmen held extreme views about Japan, bot said there were also extremists in Japan and in other pluralist countries.

"The Bush Administration says we will be better off if trade can flow, so I am working very hard to implement the laws I am sworn to uphold in hroad agreement with our objectives."

Koreans 'storm' US compound

By Maggie Ford in Seoul

SIX intruders yesterday broke into the residence of the US amhassedor to South Korea, Mr Donald Gregg, damaging furniture and artworks before

being apprehended by police.
The ambessador and his wife, who arrived in Seoul only three weeks ago, were unhurt in the early morning attack. They were asleep in the adjecent private quarters of the residence, a traditional Kor-ean-style house in the centre of Seoul. The intruders exploded noisy firecrackers to divert the attention of South Korean police and guards while they scrambled over the walls of the residence. They were subdued

with tear gas.

The break-in comes on the eve of an official visit by President Roh Tae Woo to Washington, Police described the assailants as students and said they had shouted slogans protesting against US trade pressure on South Korea. Mr Gregg yesterday

expressed his gratitude for the speedy response of the authorities to the intrusion. The envoy's arrival in Seoul was delayed for 10 months by a

dispute over his confirmation in the US Congress. Mr Gregg was formerly an official of the Central Intelligence Agency, and congress-men inquired into his role in the Iran-Contra affair during

Gadaffi expected

in next few days

COLONEL Muammer Gadaffi

of Libya is expected to visit

Egypt in the next few days for

discussions with President Hosni Mubarak in the most

emphatic sign yet of improved

relations between the neigh-

houring states, Tony Walker

The summit between the two

leaders will take place in the Mediterranean seaside resort of

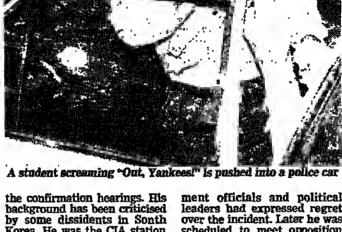
Mersa Matruh, about 160 miles

from the Libyan border. Col Gadaffi'a imminent visit

to Egypt after an absence of 16 years and a brief 1977 border

reports from Cairo.

to visit Egypt



by some dissidents in Sonth Korea. He was the CIA station chief in South Korea during the regime of Park Chung Hee

At a news conference yesterday Mr Gregg said that govern-

ment officials and political leaders had expressed regret over the incident. Later he was scheduled to meet opposition leaders, including Mr Kim Dae Jung. Mr Kim has given credit to Mr Gregg's role in saving his life during a kidnapping incident in Japan 15 years ago.

Bofors pressure may prompt snap election

Mr Rajiv Gandhi's government of direct involvement in the Befors arms scandal, agencies report from New Delhi. The scandal, centring on

opposition charges that the Swedish company paid com-missions to win a \$1.3bn artillery contract, threatens to be a major election issue.

The election must be called by the end of the year, but officials said Mr Gandhi could decide to announce the poll if he lost a key parliamentary

vote. The government yesterday denied it tried to block inquiries into the alleged payoffs. Krishna Pant, Defence Minister, told the opper boase the government was committed to

an investigation.

Mr Palaniappan Chidam-baram, minister of state, home affairs, said they had asked the journalist who made the allegation in Friday's newspapers, to help the investigation, investigators would be sent to Geneva to try to identify the owners of the company that allegedly received part of the commis-

Mr M S Gurupadaswamy. opposition leader in the upper

INDIAN opposition politicians, scenting the possibility of an imminent general election, yesterday accused Prime Minister hiding the truth behind the Mr Gandhi's government in hiding the truth behind the deal. "I charge that the documents so far published reveal the government is directly involved in bribery. I want this government to resign. No more evidence is required," he told parliament.

Mr Narasimhan Ram, associate editor of The Hindu daily, claimed on Thursday there had been government pressure after disclosures on Mondey. Mr Kasturi, the editor, denied any government approach, hut two other dailies, the Statesman and Indian Express, yesterday poblished documents they said were written by Bofors and Indian officials. They said the documents indi-cated efforts to cover the trail of alleged recipients of commis-

On Monday, The Hindu said Bofors bad admitted to the Swedish Audit Bureau it paid commissions to an unidentified Indian to secure the contract.

Yesterday, in an editorial, "In The Name of God, Go", the Statesman said its report left no room for doubt about a government conspiracy to mislead the public on who received alleged commissions.



But it's equally true that it would det nowhere without the trailers that do the donkey-work. rallers, flat-beds and curtain siders, tippers, tankers and

any other is Crane Pruehauf. No one offers such a comon

port, via our nationwide network in the U.K., and throughout Europe. the glamour of the tractor units up front. But we're more than happy to be a vital part of an efficient team. At the front, the horses. But, at the back, Crane Fruehaut reigns.

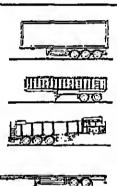
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Hong Kong prepares bill in bid to preserve human rights after 1997

By John Efflott in Hong Kong

HONG KONG will adopt virtually all the human rights provisions of the International Covenant on Civil and Political Rights in a detailed bill next year aimed at protecting civil liberties after the colony returns to Chinese sovereignty in 1997. China has already agreed

that Hong Kong can keep the covenant, which covers a range of rights including lib-erty, security, and freedoms of movement, privacy and speech. Many of these freedoms do not exist in China, where the covenant is not recognised.

The aim of the proposed bill is to give the covenant more

its preparation could annoy Peking, which has not been consulted. Although final plans have yet to be drawn up, the govern-

teeth hy strengthening individ-

uals' rights to legal redress. So

clause measure in order to make the laws specific. The bill is also likely to be given added status by heing formally entrenched through legislation passed in the British Parlia-

detailed bill instead of a single

Mr Jeremy Matthews, Hong Kong'a attorney general, said yesterday that the Bill would cover three principles: a statement of rights; "entrenchment" to make it paremount in Hong Kong law; and a "freeze period" of two or three years after entrenchment to enable existing laws to he brought

Mr Xn Jiatun, director of the Peking's Xinhua News Agency in Hong Kong and China's de facto ambassador, said yester-day the government should not have made a unilateral decision outside the Sino-British joint liaison group. But Mr Michael Suen, Secre-

tary for Constitutional Affairs. said yesterday that he saw "no need for it to be discussed with the Chinese° because the Sino-British Joint Declaration of 1984 states that the human rights covenants will continue to apply in Hong Kong after 1997. The latest draft of the Basic Law, which will become Hong Kong's mini-constitution,

also repeats the pledge.
Nevertheless, Peking will now watch the drafting of the human rights legisletion closely. The main point of contention could arise later when Hong Kong is likely to ask China to agree that cases and China to agree that cases and reports on human rights cases should be referable to the UN Committee on Human Rights. China is not a party to the conventions and might object to this. There could also be an argument over whether a spe-cial Civil Rights court should



It's true that the road transpor Industry wouldn't get far without

is: between them they ke British Industry moving. And the name that moves more goods than

Horsepower alone can't deliver the goods.

thaw in relations. ment is expected to produce a China faces years of hardship, says PM

CHINA'S Prime Minister, Li Peng, warned his countrymen vesterday they faced years of hardship to stabilise the chaotic economy and overcome foreign sanctions, Renter

reports from Peking. Economists said this could involve a drop in living stan-dards - already low compared with many of China's neighbours - and that political repression would help the government enforce the hardship and combat public discontent. The People's Daily quoted Li as telling e conference on

industrial production that the economy remained in serious condition, despite a drop in inflation, a rise in bank savings and a more stable retail market this year. "Capital, power and transport are all inadequate. Sanctions against us by some countries are having a definite effect on our economy," he

Japan, western Europe and the World Bank suspended new loans to China in protest against the crushing of student-led protest on June 4. Following the World Bank, most western commercial banks have not advanced new loans.

"We face several years of hard living," Li said. "We must build up confidence and go all out to overcome the hard-A Chinese economist said the leaders had decided at all costs to repay foreign debts, which reached \$40bn at the end of last year, even without an

inflow of new money.

"This may mean diverting goods from the domestic to the foreign market, if countries can be found to buy them, and a drop in living standards. The government can get away with that with the current level of

repression," he said. In the first half of this year, China followed the opposite course, diverting to the domestic market export goods, to ease shortages and infletion and pre-empt public discon-

A Chinese economist said farmers, enraged by payment in IOUs instead of cash for their crops last year, wera more ready to accept them this year. "They saw what hap-pened to the students in Peking. Sometimes, you need political means to solve economic problems. China yesterday released data showing its trade deficit nearly doubled in the first nine months of this year, swollen by surging imports and sluggish

exports.

But Peking, grappling with a host of economic problems, had cause for relief with a modest surplus recorded in September - the first month with a surplus this year. The deficit from January to

September rose to \$6.5bn from

\$3.4bn e year ago, according to the official New China News Agency. Exports climbed 10 per cent to \$36.2bn while importa jumped 18 per cent to \$42.7bn despite a year-long austerity programme designed to curb By Nikki Tait

THE MARKET capitalisation of some of the smaller, more exposed quoted property companies fell by between 7 per cent and more than 10 per cent yesterday in the wake of comments by the Governor of the Bank of England warning banks to study their lending to

companies in the sector.

Share price falls among the larger companies, however, such as Land Securities and Hammerson, were only a few

pence.
Reaction among City analysts was mixed. Many say such notes of warning from the Bank of England are nothing new, although no one denies that caution is justified.

There are various reasons for the caution. The latest warning clearly comes after yet another rise in the interest rates and the future outlook for funding costs remains

highly uncertain.
The potential dangers lurking in the sector have also been highlighted in a couple of recent, well publicised situations. Liquidators, for example, moved at Kentish Property Group a few months ago after the company, which specialised in Docklands residential developments, ran into financial difficulties. Only this week, another London house builder and developer, BDA Holdings, passed its interim dividend after reporting a fall

into the red. The sector has already suffered one hlow this week. The well respected property team at Barclays de Zoete Wedd, the stockbroker, released a strongly bearisb research note on the sector, beginning with the words: "Investors should remain well underweight . . ." At face value, the potential

trouble appears to be concen-trated in the smaller end of the sector - particularly compa-nies heavily exposed to certain areas, such as residential developments in east London. The potential difficulties envisaged are mainly with cash

By contrast, one analyst reels off gearing ratios for the 12 largest groups in the sector, and there is little that would intimidate the most conserva-

Analysts are understandably

loath to predict publicly which will be the corporate casualties but, privately, there is plen-- but, privately, there is plentiful supply of possible names.

The latest figures for bank lending to the property sector (to end-August) show a figure of almost £30bn - up by more than 50 per cent on the level a year ago. Over half of that, suggest stockbrokers Phillips & Draw is tied up in depale. suggest stockbrokers Philips & Drew, is tied up in development. *Off the top of my head, I would say that this is three times the average for the past five years," said analyst John Athins

Even if domestic institutional demand was constant and overseas demand expand-ing, there is still a serious mismatch of supply and demand

The possible flow on to the market of properties from smaller companies running into financial problems will merely compounding a difficult situation. P&D says that, at the grimest end of its projections, it expects a 13.5 per cent fall in City office values in 1990.

BR's high-speed plans stick at red signal Kevin Brown looks at pressures delaying a government decision on the Channel link

R Cecil Parkinson, the Transport Secretary, had an opportunity at the Conservative Party conference this week to demonstrate that the Government had a clear strategy to deal with Britain's mounting transport demands.

He failed, however, to give a lead on any of the main issues facing the Government, including that of British Rail privatisation and Treasury opposition to plans for spending £12bn on trunk roads and up to £4bn on new rail and Underground lines in London.

The most immediate unresolved issue is the proposed high-speed rail line from Lon-don to the Channel tunnel, which has been in trouble almost since the day in March when the preferred route was

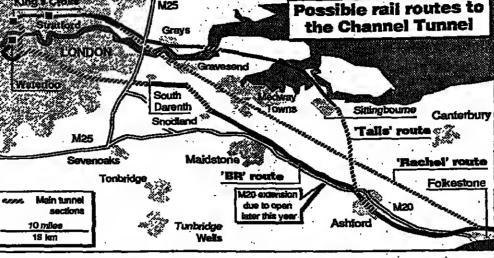
announced by British Rail.

The cost has escalated from an original estimate of £1.2bn to between £3bn and £3.5bn, after allowing for inflation but not interest charges, plus £1.1bn for rolling stock and improvements to existing

BR is still talking to two private-sector consortia - led by Trafalgar House and Peninsular and Oriental Steam Naviga-tion — that are interested in joining a joint-venture com-peny to build and operate the line. However, both have made clear that BR's route is so costly that it could not produce a commercial rate of return unless the Government picks np between £1.5bn and £2bn of

Some BR executives think that would be fair, since much of the increased cost of the scheme would be due to environmental improvements -such as a tunnel under London - included only after government pressure to avoid upset-

ting voters. Several ways of circumvent-



ing the Channel Tunnel Act restrictions on government subsidies have been suggested, such as an "environmental grant." However, public fund-ing is unlikely because of the huge gap that already exists between what Mr Parkinson is seeking for other transport pro-jects and the sum the Treasury is prepared to concede.

both BR and the Government have tied themselves to introducing a bill this year and the parliamentary deadline is now less than five weeks away. Three options appear to be

 BR could table a bill drawn in general terms which would allow talks to continue on financing and allow possible amendments to be made to the route. That is what Mr Parkinson meant when he told the Tory conference he hoped BR "will shortly introduce a bill for Parliament to settle the

Senior BR executives believe such a bill would be a publichas not yet reached a final decision, but is likely to be reluctant to save the Government's face in this way.

P&O has suggested to BR that the cost of its scheme could be reduced to a viable level by abandoning the tunnel under London and plans to site one of two terminals at King's

Initially, trains would run on existing tracks to Waterloo sta-tion. Later, a tunnel could be built under the Thames from Swanley, on the south-eastern edge of London, to Stratford in

Yet that option would enrage residents in south London who thought they had been saved by BR's tunnel plans, and it is unlikely to be politically acceptable to the Government

 A third mivate-sector con-sortium, led by Manufacturers Hanover Trust and Bechtel, the US construction company, has drawn np preliminary plans for a separate scheme based on proposals originally put forward by Kent-based

groups opposing BR's project.
The proposals are the Rachel
(Rainham to Channel tunnel)
plan, which would extend the Channel tunnel underground across Kent and the Thames to Rainham, in Essex; and the Talis (Thames alternative link international system) scheme, which would tunnel under the

North Downs and the Thames, but run overland through the Kent marshes and Essex.

Both routes would terminate at Stratford, where the local authority is enthusiastically in favour of the project; and would not be easily lines to link intermediate the same of the project. international services with lines to the rest of Britain.

North Downs and the Thames

The consortium claims its route would be significantly cheaper than BR's, although executives concede privately that the cost would be significantly more than the £1.7bn estimated by the original Kentish recoveres. ish proponents.

The consortium faces a number of serious obstacles. First, it cannot meet the November parliamentary deadline for a bill this year. Also, it relies on public transport to move inter national passengers from Strat-

ford to central London.
That would mean that the existing Underground Central Line, which is being revamped; a proposed Jubilee Line extension, running from Westminster to Stratford via London Docklands; and a proposed BR line from Heathrow to Liver-pool Street station - the east-west element of the £2bn Crossrail scheme announced in

January by Mr Channon.

Even without international passengers, the Central Line will be more congested after its renewal than it is now, and the Lybiles Line extension is Jubilee Line extension is designed to serve new office developments in London's Docklands and to ease existing overcrowding. The east-west Crossrail scheme is unlikely to be built because of Treasury spending restrictions. The Manufacturers Hanover

consortium's answer to that is that Crossrail could he financed by money the Government would save by not having to bail out BR's high-speed line

since the Government has no intention of bailing out BR, that seems an unlikely source of funds. In any case, there would be no net financial gain to the Government, even if — unlike BR — the consortium avoided spiralling costs.

Manufacturers. Hanover is

still working on its scheme, in spite of scepticism from the Transport Department and out-right hostility from BR, which does not want to have to market a high-speed international

train service terminating in London's East End.

A breakthrough of some sort is still possible in time to meet the parliamentary deadline, but it is looking increasingly will be stuck at a red signal for

Folkestone gets £100m harbour village plan

By Kevin Brown, Transport

SEA CONTAINERS, the shipping and ferries group that owns Sealink, yesterday announced a £100m plan to develop Folkestone harbour, in

Kent. The move follows its announcement that the Sealink ferry service from Folkestone to Boulogne would be merged with its Dover-to-Cal-als services after the opening of the Channel tunnel in 1993. Sea Containers said it planned to develop a "harbour village" at Folkestone. The project would entail 240 berths for fishing boats and private yachts and a lock to regulate

the water level.

Around 60 houses and flats will be huilt in the first phase, with provision for a further 450 hy the year 2000. The development will also include a hotel, shops and leisure facil-

Mr Paul Rann, managing director of Sea Containers property division, said the project would set the scene for future developments at Folkestone after the opening of the

He said: "Harbour Village has been designed to ensure that Folkestone will not be bypassed once the Channel tunnel is completed. The scheme will enhance the town as a place of interest and provide an alternative use for the

The announcement follows a number of successful property developments on surplus docks land by Associated Brit-ish Ports, the privatised com-pany that operates 25 per cent

of UK port capacity.
Sea Containers runs several other ports, including Fishguard, Harwich (Parkestou Quay), Holyhead, Newhaven and Strangaer and is known to be considering a number of other development proposals.

Foot will retire

from Commons

at next election

MR MICHAEL FOOT, who was

Sabour Party leader from 1980

to 1983, is to retire at the next general election. Mr Foot, 76, the oldest MP at Westminster,

made his announcement to his

Blaenau Gwent constituency

party in South Wales last

He is the only MP still in the House who contested a parlia-

mentary election before the

Second World War - he

He worked as a journalist,

longht Monmouth in 1935.

S. 115

200

Defiant Ryan slates UK courts

By Kleran Cooke in Dublin

MR Patrick Ryan, the former missionary priest at the centre of an extradition row involving the British, Belgian and Irish governments last year, was in

defiant mood yesterday. He told a Dublin news conference he was pleased that the Irish Director of Public Prose-cutions had decided not to bring charges against him, but said extradition of Irish people to Britain must stop.

Mr Ryan said no Irish political offender could receive a fair came to dealing with the Irish, the British justice system was

Britain had tried to have Mr. Ryan extradited from both Belgium and Ireland in connection with a series of bomb explosions in London in the late 1970s and early 1980s. Both attempts failed. The Irish Government said Mr Ryan was unlikely to have a fair trial in

On Thursday, the Irish Director of Public Prosecutions decided that there was insufficient evidence to try Mr Ryan

in his priestly robes, celebrated hy launching a broadside at both past and present British

involvement in Ireland.

The escapades of Hitler are like a tea party for old ladies compared with British barbarism against the Irish," said the former African missionary, pilot, electronics expert, speaker of nine languages and non-drinking vegetarian. Both the Irish Government

and the Roman Catholic Church fervently hope that the caused so much animosity between Dublin and London. vill now fade away. But judging by yesterday's performance, Mr Ryan - "Father Paddy' to his friends intends to go on creating

waves for some time yet. Criticism of the Irish deci-sion continued yesterday, with Conservative MPs expressing anger and Mr Allan Green, the Director of Public Prosecutions, describing it as "a most disappointing outcome."

Sir Geoffrey Howe, the Deputy Prime Minister said on the BBC Radio 4 Today pro-gramme: "The decision must

be seen as very disappointing. It is a decision made by the appropriate authority in Ireland and it is difficult to see

what one can do beyond that.
"The conclusion is said to be arrived at on the basis of evidence. It is not possible for us at this stage to second-guess that conclusion of the Irish prosecuting authority.

Mr Ian Gow, who resigned as a minister over the Angio-Irish Agreement, said the agreement gave the Republic a privileged ... MOM MG ITT very government on which a place of special privilege was conferred is seen to be har-bouring terrorism," he said.

· Forensic experts were yesterday examining a false passport found by police who arrested five men from Ulster under the Prevention of Terrorism Act in Cheltenham, Gloucestershire. The document was understood to have been discovered at a hotel, where they were seized early on Thursday. Police said the men were not

being questioned about the Deal bombing or any other recent incident.

Bus company fares unfair, **OFT** decides

By Kevin Brown, Transport Correspondent

YORKSHIRE Transport (SYT), oue of the biggest municipal bus companies, has been found guilty by the Office of Fair Trading of anti-competitive behaviour.
The OFT said the company

reduced its fares on a route on which it faced competition to a level that did not cover the direct costs of operation, and competitor withdrew. Sir Gordon Borrle, the Direc-

tor General of Fair Trading. said: "There is a fine line between healthy competition and predatory behaviour. By targeting its efforts so narrowly on its competitor, with the apparent purpose of remov-ing him from the market, or at least harming his business, I have concluded in this case that SYT crossed this line."

the bus industry was deregu-lated in 1986.

hens retreated when a group of the nuns blocked their way

and one member of the order held a sit-in in one of the hen

regime aimed at containing sal-

monella infection in eggs and those who believe it is both

The British Egg Industry

Council, which has about 300

members and savs it repre-

sents about three fifths of egg

producers, including the large

The council said yesterday

the industry's sales had recov-

ered to within 10 per cent of

their levels before the salmonella scare in December 1988

when Mrs Edwina Currie, then

draconian and unnecessary.

BR seeks safety system bids

By Kevin Brown, Transport Correspondent

BRITISH RAIL yesterday invited tenders for the development of an Antonatic Train Protection (ATP) system to prevent trains from passing red stop signals.

red stop signals.

BR started evaluating ATP last year, but the programme was accelerated by criticism of safety standards after a run of serious train crashes between December and March.

ATP would have prevented the crashes at Puriey, Surrey, and Bellgrove, Glasgow, in March, although not the accident at Clapham, in south London, which killed 34 people.

accident, unlike the other two, was caused by a fault in the signalling system, rather than ATP controls the speed of trains to ensure that limits are

That is because the Clapham

observed and that trains can always brake in time to stop at

ways, but ATP has not been introduced in the UK because of the cost of developing a sys-

tem capable of handling the volume of traffic on some BR

red signals.
Unlike existing safety systems, it will not allow drivers to pass red lights.

The first system will be installed in 1990 and will come into use the following year. It before ATP protection is installed throughout the BR

Labour Treasury team on EC mission

LABOUR'S CHIEF spokesmen on the economy will next week visit Paris, Brussels, Frankfurt and Bonn to press the case for British membership of the exchange-rate mechanism of the European Monetary Sys-

Mr John Smith, the shadow Chancellor, and Mr Gordon Brown, his deputy, will hold talks with Mr Michel Rocard, the French Prime Minister, and Mr Jacques Delors, president of the European Commission,

among others.

The trip, which is part of a Labour Party propaganda initiative in the Community, is designed to present Labour as the UK's pro-Community party. The Labour Party has tar-

The companies invited to tender will be asked to install pilot systems on the Chiltern lines between London Marylebone and Aylesbury/Banbury, and on the main line between London Paddington and

network.

geted monetary policy and workers' rights as issues on which the Government can be attacked in Europe. While Mr Smith and his team are spreading their message, Labour MEPs will join a rally of more

spending three years as editor of the London Evening Standard, before entering Parliament in 1945, when he won Plymouth Devenport. He lost that seat in 1955 and re-entered the Commons in 1960 by winning Ehbw Vale, which became Blaenau Gwent in than 10,000 European trade unionists in Brussels to sup-port demands for a Social Charter. Employment Secretary and Leader of the Commons, as

well as being deputy leader, then leader, of his party. Mr Neil Kinnock, who succeeded Mr Foot as party leader in 1983, last night paid tribute to his predecessor. "Michael is as fit and flery as ever. His marvellous performances in the Commons and his brilliant books prove that. He is unique. But it is typical of the man that he should feel it is time to step down for someone

younger.
"His courage, gentility and dignity are not equalled by many people in politics."

Research into virus treatment By Peter Marsh

ML LABORATORIES, a small health care research company, is to start co-operative research with academic scientists in London on an experi-mental treatment for viral conditions, including AIDS.

The research is still at an early stage and is based on evidence that some chemicals under study by ML may have a role in destroying viruses grown in the laboratory. The work has still to show that the chemicals - modified

sugar polymers — have any effect on viruses in the human body. Also, the company is some way from discovering to what degree the substances affect other physiological mechanisms in the body.

OKOBANK US\$ 100,000,000 ing Rate Subordina **due 1991**

rdance with the tems and no of the notes, we hereby doe that the armusi interest the period of October 16. ons of the no 15% (margin included). Interest psychie will be US\$ 447.97 per cou-pon for US\$10,000-denomination

Yesterday Mr Ryan, dressed SHARE SCANDAL **EXPOSED** 13th OCTOBER ISSUE

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A Financial Times Magazina



W. H. Smith and sacked staff agree terms

By John Ridding

W. H. SMITH, the high street retail group, announced yes-terday that it had reached "mutually acceptable terms" with the five ex-directors and senior employees of its Our Price Music subsidiary who, it claimed, had tried to set up a

Under the terms of the agreement, W. H. Smith has agreed to drop its claim for damages in return for the Our Price employees paying the lit-igation costs of about £100,000 and accepting certain terms concerning their future employment

All five of the Our Price vees were dismissed by W. H. Smith in August, shortly after this retail group announced that it was taking legal action against them.

Mr Garry Nesbitt and Mr eacs, the two founders of Our Price, have now agreed not to engage collec-tively in a competitive basiness for two years and 18 months respectively, according to W. H. Smith. They may, however, work with competing businesses on an individual basis. Mr Barry Hartog, the former managing director of Our Price; Mr David Cain, former operations director: and Mr Frank Daranjo are free to engage in any business from

January. W. H. Smith said that the top management at Our Price had been replaced and there had been no damage to the

egg-packing companies, fears that the case will cause a renewal of widespread public anxiety about salmonella in subsidiary's trading.
In August, W. H. Smith had
High Court injunctions granted against the Our Price employees, claiming that it was in possession of a compet-ing business plan drawn up by them. It claimed that it had evidence that the plan had been pursued since May 1989.

This is the second time the OFT has found an established bus company guilty of anti-competitive behaviour since

Nuns' flock wins stay of execution



Sister Catherine ignores members of Northampton Animal Concern at the High Court yesterday

declared that most egg produc-tion was contaminated by sal-The case has highlighted divisions among Britain's egg producers, between those who favour the Government's strict monella. UK egg sales in 1988 were valued at £1.35bn.

The council is supporting the Zoonoses Order 1989, which allows the Ministry of Agriculture to slanghter infected flocks. The ministry says 669,532 laying birds from 59 flocks have been slaughtered since the order was introduced. The legislation has been

opposed by the United Kingdom Egg Producers' Associa-tion, which says 80 per cent of UK egg are members producers and that it represents "grass root" producers.

Mr Keith Pulman the association secretary, said: "There is no correlation between salmo-

nella in a hen and a hen laying

He said only one egg in 2m

a salmonella-infected egg.

ature for eight or 10 hours to That is cold comfort for the two Warwickshire families who fell ill after eating baked Alaska which the Ministry of

Agriculture believes was made with eggs from the monastery. One of the nuns, protesting yesterday with a Chicken's Lib placard outside the High Court was criticised by Ms Claire Druce, the National Organiser of Chicken's Lib, an organisation which protests against

poor conditions for battery Ms Druce said she had examined the nuns' hen huts some years ago. She said: "I was nearly sick when I came out I want nothing to do with their campaign. I saw one newspa-

would be infected and would per portrayed one of their chickens with a halo above its need to be left at room temperhead. It couldn't be further from the truth." In court, Mr Alan Rawley, QC, for Sister Catherine,

songht a two-week adjournment after revealing that evi-dence supplied by the Ministry of Agriculture made new tests on the birds necessary. Research conducted so far had succeeded in isolating traces of salmonella typhimu-

rium in the intestines of five of

the 60 birds from the flock

slaughtered for sampling. Allowing only a four-day djournment, Lord Justice Parker said it was highly unlikely that the nuns' lawyers would be able to produce any additional evidence that could properly be considered in a judicial review.

Fashion cuts its coat according to its cloth

UK NEWS

Alice Rawsthorn looks at the London designers' struggles to stay in the forefront

day the fashion world converged on Westway Studio in Notting Hill Gate. London, as Rifat Ozbek, one of the capital's brightest young fashion designers, unveiled his new collection.

The Ozbek show marked the start of London Fashion Week. when the world's most powerful fashion buyers visit the city to see - and possibly buy the new season's collections.

The London designers desperately need a successful season. The international fashion market is more competitive than ever before and the recent rises in interest rates have depressed demand for expensive designer fashion in the

in the past year well-known names such as Wendy Dagworthy, Juhn Flett and Janice Wainwright have gone out of husiness. The survivors are struggling to stay afloat in a depressed domestic market.

The pound's recent tumble on the money markets should at least ensure that the London designers will be more compet-

itive on the export front.

They are pinning their hopes on picking up new overseas orders this season to revive the tlagging fortunes of the Lon-don fashion industry. London has never had the

same stature in the fashinn world as Paris, Milan or New York. Yet over the years the work of avant garde designers such as Vivenne Westwood and John Galliano has ensured that London is seen as a source of

London designers operate on a smaller scale than their competitors in France and Italy. Christian Dior in Paris and Giorgio Armani in Milan had worldwide sales of £750m and £235m respectively in 1988.

Katherine Hamnett, by far the biggest London designer, is unlikely to net more than £30m

this year.

One of the principal obsta-cles for London designers is that of raising capital. In France the large luxury goods groups — such as Moët Hen-nessy Louis Vuitton (LVMH), which owns Dior and Christian Lacroix - have invested heavily in fashion and use their management resources to develop exports and thrash out

licensing deals.

By contrast, London designers struggle against handicaps typical of so many small businesses in the UK - ranging from inadequate investment, to poor cash flow and weak financial controls.

They also experience difficulty in finding suitable manu-facturing facilities.

The Milan designers have

benefited enormously from the support of the giant Italian textile groups such as Gruppo GFT, which works with Armani, and Marzotto, which liaises with Gianfranco Perre,

the new designer at Dior.

The clothing industry in the UK is polarised — using either the giant textile groups Courtaulds and Coats Viyella, which concentrate on high-volume production for chain stores, or tiny sweat-shops in the inner

Some London designers now source in other countries. Betty Jackson has part of her collectinn made in Italy, as does Katherine Hamnett, The others swap horror stories of dodgy deliveries and poor quality from manufacturers in the

The designers have heen tussling with, and complaining about, the shortage of capital and the dearth of good mannfacturing facilities for years,



John Flett's fashions: a name now absent from the catwalk

but such structural ills have become more serious recently, as demand for designer fashion has been depressed.

The London designers benefited in the mid 1980s from rel-atively buoyant demand, when their export sales tended to hnb np and down with

exchange rates.
At the same time, however, crammed with designer clothes at knock-down prices.

were able and willing to treat themselves to designer outfits.
The sluggish stock market and the increase in interest rates left these new "designer" consumers with hefty mort-gage bills and rather less money available. They could no longer afford to spend a few hundred pounds nn a Rifet Ozbek frock or Jasper Conran suit. The sale rails of the London stores this summer were

The only solution is to drum up business overseas. Katherine Hamnett, who is the most dynamic designer on the international front now depends on the UK for less than 5 per cent of sales, and sources the entire collection through licensees in other countries.

Hamnett alresdy manufactures in Italy and Japan and, from next year will also source in the US.

This season she caused a stir in the London fashion world by deciding to show her new colclaimants to participate.
Three of Britain's largest unions - the TGWU general workers' union and the Nupe and Nalgo public service unions - have written to about 150 councils calling for "a planned and principled withdrawal from the prelection in Paris, not in London, which she described as "out of the way and shabby." Her disappearance from the

catwalks has fuelled fears that the big international buyers withdrawal from the programme." will stay away, forcing other designers to follow her lead to Under the regulations, which were introduced last show in Paris too. Monday, people out of work will risk losing their benefits

So far the others have stayed. The British Fashion Council, which organises the London shows, has made an extra effort to attract overseas buyers hy launching the Brit-ish Fashion Awards, which will he presented at a gala attended by the Princess of Wales in the Royal Albert Hall

nn Tuesday evening.
The designers are also redoubling their efforts to do well in the export husiness. Apart from the growing num-ber who now show their collections in Paris as well as in London, Betty Jackson took ber new collection to New York a few weeks ago.

She, however, is convinced that London designers can be internationally competitive with the pound at its present

Even Katherine Hamnett is starting to sound a little less critical. She now says that she might be persuaded to show again in London some time in the future.

sent shout a third of Britain's councils. Many of the other 300 decided to boycott ET when it was introduced in September last year. The Trades Union Congress has a policy of non-co-operation with ET, although some

unions are taking part in the

Unions urge

quit training

programme

LOCAL AUTHORITIES were

yesterday urged to withdraw

frnm the Government's

Employment Training scheme following the introduction of regulations which unions say

could force social security

unless they can show that they have taken active steps to seek

A person joining the training scheme would be likely to satisfy the new test.

Employment staff have been

encourage the counsellor to

look closely at claimants' jnh

searches to ensure that they are taking reasonable steps to find work."

In their letter to the coun-

cils, the general secretaries of the three unions said that ET

will in futurs be "an offer which they (benefit claimants)

The 150 anthorities repre-

cannot refuse."

work.

By Michael Smith

councils to

Among the 150 councils. some - particularly Labour authorities - said they would review their position if claimants were forced into the programme.

Nupe, Nalgo and the TGWU were among the unions which argued most forcibly for boycotting ET at last year's TUC Congress.

In their letter, signed by Mr Ron Todd, of the TGWU, Mr John Daly, of Nalgo and Mr Rodney Bickerstaffe, of Nupe. they said that opposition to ET was a way of helping to develop "real alternatives" for the unemployed.

It could also "prevent pro-gressive training and employ-ment initiatives being ruined by being used to support and

Ambulance staff warn of threat to disaster coverage

By Fiona Thompson, Labour Staff

LONDON AMBULANCE teams will be hard pressed to cope with any large disaster this weekend, due to the effects of the overtime ban, Mr Owen Davies, leader of the country's 3,500 amhulance officers and control assistants, warned yes-

terday. The number of ambulance officers on duty over the week-end in London is likely to be 70 per cent down, with a similar cut in the number of ambu-lances available. The overtime ban is in protest at a rejected

6.5 per cent pay offer.
This is the second weekend of the officers' and control assistants' action. Cover was down by 50 per cent last week-end hut this weekend is expected to be worse because of the cumulative effect of the ban on overtime and rest day working. "The emergency service will be stretched to its limit," said instructed that while failure to attend ET "does not in itself show that the claimant's job search is inadequate," tha "refusal nf a place should

Mr Davies. "If there is a major disaster, it's difficult to see how the service could cope. On best estimates, cover will be down to 30 per cent in Lon-

The country's 19,000 amhulance crew members have been taking similar action for four weeks now in protest at the same 6.5 per cent offer. Mr Davies said: "This dan-

gerous and damaging dispute could be called off instantly if the employers would agree to

go to independent hinding arbitration. The five unions representing the 22,500 amhulance workers - the Nalgo and Nupe public

service uninns, the Cobse health service union and the TGWU and GMB general workers' unions — will meet on Tuesday to consider an escalation of the dignute. tion of the dispute. Demands to step up the action have come from branches all over the country.

Mr Roger Poole, leading the trade union side, would say

only that the union leaders would be considering "a whole list of ideas", but he ruled out an all-out strike.
It is thought that the options under consideration would include a han on clerical duties, a ban on "acting up" (doing the jnb of an immediate

superior), or a ban on changing shifts. Any ban on acting-up could have a big impact because this happens frequently with offi-cers within the five levels of ambulance officer band one and two, assistant senior

ambulance officer, senior officer and principal officer.

Changing shifts, due to illness or other emergencies, is also common, and the inability to change shifts to provine cover when the ban is hiting hardest could result in hard-

Fewer students apply to be trainee teachers

By David Thomas, Education Correspondent

THE PROSPECT of more trouble ahead on teacher shortages was raised yesterday hy the publication of figures showing difficulties in persuad-ing students to become trainee teachers.

The main problem in future will centre on the supply of secondary teachers, according to provisional results on the numbers of students entering initial teacher training courses this year.
The shortfall among trainee

secondary teachers appears to have been particularly acute in subjects already suffering from teacher shortages, notably science and maths.

However, the figures also

suggest that there are few problems in recruiting enough new primary school teachers.

Post-Graduate Certificate of Education courses, against a Government target of 7.022. The problem of attracting

secondary students on Bache-lor of Education courses was even more acute: 23.8 per cent fewer than the target of 2,153 registered for courses. By contrast, recruitment to primary courses was huoyant.

total of 7,300 students entered primary Bachelor of Education courses this year, 7.5 per cent more than the tar-In addition, about 3,970 stu-

dents started primary Post-Graduate Certificate of Education courses, around 8.2 per cent above target.

These provisional figures for 1989 were released vesterday hy the central registers and by being used to support and police an unjust benefit system."

There was shout a 10 per clearing houses responsible for monitoring recruitment to students starting secondary

Hours dispute may ground high-flying Rolls-Royce

Paul Betts on how a strike will hit expansion plans

R OLLS-ROYCE gave all its 13,500 workers in Derhy a special half-hour break on Tuesday to admire the latest Boeing 747-400 jumbo powered with its engines performing an impres-sive flying display above their

A senior company executive remarked: "We asked ourselves if we could afford the whole workforce taking time nff to watch the jumbo flying over all our Derby factories in these days of record workload. But on balance we felt it was a good idea."

It was the third and most spectacular flypast Derhy workers have enjoyed. Earlier this year, they had been treated to a local display by the new Airhus A-320 150-seat airliner and the Fokker 100 jet, also powered with Rolls-Royce

For Rolls-Royce, the flying displays are a way of trying to boost the morale and commitment of employees by showing them their final product in action. Company officials also openly acknowledged they hoped the jumbo flypast would help their campaign against demands by the engineering unions for a reduction in the working week to 35 hours. The unions have picked two Rolls-Royce sites for balloting

next week on indefinite industrial action. Although they do not include Derby, the centre of Rolls-Royce's civil engine business, a strike at the two plants chosen by the unions at Hillington, near Glasgow, and Parkside, near Coventry, would have immediate repercussions on the company's civil and military engine out-

A company nfficial ssid: "These plants supply key components and a strike would inevitably hit final assembly

The strike could not come st a more delicate time for the company, emphasised Mr Frank Turner, the director of Rolls-Royce's civil engine group, which now accounts for about 60 per cent of the group's

engine husiness.
"We are still recovering from last year's overtime han and we are further behind than we expected to be. But we are still

especially since its principal rivals. General Electric and Pratt and Whitney of the US,

from only 8 per cent two years ago to 18 per cent last year and to 20 per cent this year.

Mr Torner helieves the group is now well positioned to achieve this target as a resuit

petitors with the development of the high thrust "Trent" engine to equip the new generation of wide-body long-range jetliners. The industry expects these to account for an increasingly significant share of the overall airline market. Indeed, Rolls-Royce appears

well placed to become a launch engine for the new Boeing 767 X wide-body aircraft which the US company is expected to announce soon.
"We see the Boeing 767 X as a key apportunity and part of

our strategy to expand our civil engine market base," Mr Turner said. He also disclosed the com-

pany was in advance talks to secure a new risk and revenue sharing partner for the "Trent"

IHI and KHI of Japan already own a combined 12 per cent stake in the project and an undisclosed partner bas another 3 per cent. Rolls-Royce is now seeking other partners to take an additional 5 per cent stake in the programme.

Rolls-Royce is forecasting an overall civil engine market of £100 billion between now and

"We really have an opportu-nity out there," said another senior official at Derby, worried by the possible impact of labour action on the company's performance and credibility with existing and potential

by 11 per cent during the last 18 months, it has increased productivity sharply, indeed, it now takes Rolls-Royce 12 months to complete an engine compared with 24 months a few years ago.

THE DOWNTURN forecast for the UK economy next year will inevitably lead to rising unem-ployment in Northern Ireland, a Government economic body warned yesterday.

In its annual report for the year ending August 31, the Northern Ireland Economic Council said the past 12 months could be regarded as the most successful period for the local economy this decade, hut that the outlook for the coming years was much less optimistic.

It expressed concern that litthe progress appeared to have been made at official levels in thinking about the long-term development of Ulstsr'a

The report says: The advent of an integrated market in Europe after 1992 and the longer-term emphasis given hy the European Commission for the allocation of resources funds reinforces our apinion that an economic development strategy for Northern Ireland.

looking well beyond our imme-diate difficulties, is required."

It continues: "Rising infla-tion and a deficit on the balance of payments which is unsupportable in the lunger term have forced a significant tightening of monetary policy.

"In these circumstances, the ontlook fur the Northern Ireland economy over the coming year is considerably less

Insurers say SIB biased on broker bonds

By Eric Short

THE ASSOCIATION of British Insurers has accused the Secu-rities and Investments Board, the main City regulator, of holding a "jaundiced view" of broker bonds and exceeding its proper role in respect to their regulation.
The ABI, the main trade

association for insurance com-panies operating in the UK, makes the accusation in its response to proposals by the SIB last July for regulation of trade in broker bonds. Broker bonds are essentially investments made on behalf of clients by an indspendent financial adviser in a variety of

linked funds managed by life

tended that broker bonds for which advisers made a higher charge did not add value to the investment returns on life companies' mixed funds. The SIB also felt that clients

investment conditions.
In its proposals, the SIB con-

often had only a hazy under-standing of what was provided by broker bonds and little idea of the extra charges. As a result, advisers who recom-mended broker bonds were fail-ing in their obligation to give best advice. In addition, the SIB proposals would have made it very difficult for advisers to market broker bonds.

between funds, depending on estimated £2bn of hroker bond funds under management pointed to a demand by investors. It also asserted that the SIB had not provided enough factual information to substantiate its view.

The SIB's justification for its action hinges on high expenses and likely investment performance, the ABI said. According to that line of thinking, other investments would also be threatened with restrictive legislation if their expense level or investment perfor-

mance fell below norms set by the regulators.
The ABI considers that the SIB's proper role is to provide quately protects investors from incompetence or wrongdoing. It accepts that poor investment performance is a sign of incompetence, but says that is different from the SIB's adopting a preconceived idea of likely investment performance on a range of investments.

However, the ABI does accept the need for a tighter regulatory system for broker bonds and adds constructive proposals, including more and clearer information and the need for advisers to demonstrate competence in handling investment of broker bonds. Finally, the ABI requests further discussion before the SIB

SmithKline post to stay vacant Manx bank

By Peter Marsh

SMITHKLINE Beecham, one of the world's top three drugs companies, is not in the immediate future intending to fill the position left vacant hy the unexpected resignation of Mr James Andress, a top execu-

US-born Mr Andress, 50, is stepping down as chairman of SmithKline's health products and service business to take up a job at information Resources, a small Chicago-based consul-The statement hy London-

based SmithKline Beecham lent credence to the feelings of some drugs-industry onlookers that Mr Andress had suffered under the jobs share-ont that followed the formation of the company from a merger earlier

The company said yesterday his resignation was "just one to see him go." SmithKline Beecham is the result of a merger between Beecham of the UK and the

US's SmithKline Beckman. Observers believe that Mr Andress, whn joined Beecham last year from a career in the US drugs industry, was given a joh in the new nrganisation which was not especially taxing and where a number of other executives shared

esponsibility. SmithKline Beecham has annual sales of some £3.7bn, just over half of them from prescription pharmaceuticals and the rest from other healthcare-related products. The most important part of the sec-ond group of products is nonprescription drugs. The group also covers clinical services

of those things that happen and animal-health products.

after a merger and we are sad Mr Andress had been given the job of supervising the second part of the company as opposed to the more glamorous prescription only drug division, a role that went to Mr John Chappell, a former SmithKline

Beckman manager. Over the past few months Mr Andress has been working with Mr John Hunter, another former Beecham employee. Mr Hunter looks after the important non-prescription medi-cines unit in the part of the company for which Mr Andress It is thought that British-

had overall responsibility. born Mr Hunter, who was also Beecham board at the time of the merger, took over much of the work in the division, leaving Mr Andress with only a small amount to do.

creditors' payout due By Sue Stuart

LIQUIDATORS of the collapsed Savings and Investment Bank on the Isle of Man confirmed yesterday that depositors and creditors could expect their first interim payment by the end of this year. The bank crashed more than

seven years ago with debts of over £40m, owing money to more than 3,000 depositors.

Mr Michael Jordan of Cork
Gully, joint liquidator of the
bank with Mr Timothy Beer of Peat Marwick McLintock, said they expected the necessary administration to be dealt with speedily and the payont to be about 10p in the pound.

That follows the granting of

an order in favour of the bank in a Manx court on Monday against Mr Jim Raper - who disappeared after he was sentenced in his absence to two years in prison for contempt of court - and his Gasco companies for £11.7m.

Although the liquidators are not hopsful of gaining the cash, the shares are expected to produce £900,000.

recovered £13.2m of the bank's assets. Payment for legal and other costs totals £5.5m, leaving £7.7m. Of the £42.4m owed to creditors, £6.6m have not been proved or are in dispute.

Field wins RAF support contract

could be worth more than £15m over five years, to Field Aircraft Services, based at East Midlands airport. The company said about 300 new jobs would be created. The first phase of the con-

tract will begin in January when Field provides staff for Cranwell's motor transport and supply departments, all ground radio and radar servicing and general engineering work-

Solicitors seek law to curb press intrusion

Press Association reaches DataVision deal with BSB

By Robert Rice, Legal Correspondent

THE LAW Society has called for a change in the law to protect the privacy of victims of press harassment. in its response to the Home Office committee on privacy and the press, the society said something had to be done to protect people such as Mrs Terry Waite, who complained to the Press Council about the behaviour of journalists who

30.4670

"doorstepped" her home after her husband, the Archbishop of Canterbury's special repre-santative, was kidnapped in Beirut in January 1987. The civil laws of trespass

BRITISH Satellite Broadcasting

announced yesterday that the

Press Association is to be the

first user of DataVision, its sat-

As part of a pilot scheme.

PA, the news agency that sup-

plies national and reginnal press and broadcasters, will

distribute its service to six

regional newspaper sites by

The six, from March, will be

The Yorkshire Post, The Liver-

pool Post and Echo, The Wol-

verhampton Express and Star,

By Raymond Snoddy

ellite data service.

and nuisance and the statutory offences of obstructing the highway did not provide adequate recourse for people in such situations, it said.

It was also concerned about the increase in the unjustified use of surveillance devices that can be operated without the need for physical entry to prop-erty. The Home Office should give serious thought to making use of such devices illegal. The society is concerned that the Press Council is not controlling excessive intrusions by the press into people's private lives. It would prefer to see the

Aberdeen Journals, The Ports-

mouth News Centre and Cum-

BSB, which plans to launch

five channels of satellite televi-

sion in the spring, also holds one of the six Department of

Trade and Industry licences for

specialist satellite services.

The licences allow the UK dis-

tribution by satellite of TV and

In addition to its television

service, BSB has enough spare

capacity on each channel to

transmit the equivalent of a five years.

telecommunications services.

council put its own house in order with greater powers to investigate complaints mads by readers; impose workable nctinns; and impose a duty on the press to print a reply by the injured party.

The Press Council should have powers to enforce any code of practice it produced, the society says. It says that whether the council continued as a voluntary body or became a statutory body, it was essential that it should remain free from government control. in principle, the society would welcome a new law giv-

broadsheet newspaper every

minute. BSB's main sharehold-ers include Granada, Bond Cor-

poration and Pearson, publisher of the Financial Times.

BSB is talking to a number

Mr Scott estimated that

of retail groups and banking

institutions about DataVision.

DataVision's revenues would

probably be under £5m for the

first year, but forecasts suggested that satellite data could be a £450m-a-year busi-

ness in West Europa within

ing a general right to privacy, provided that any legislation preserved a general right to free speech.
It also called for legal aid to he extended to cover libel

actions and any new legal remedies that the Homs Office committee under the chairmanship of Mr David Calcutt, QC, might recommend. The society suggested that the laws of confidence might

be extended to cover the oversensational treatment of true information - as sometimes occured with "kiss and tell"

The Ministry of Delence has BSB is also planning to take awarded the contract, which a channel on a new European television satellite series Eutelsat 11 to be launched in 1991 for business television.

which recently launched an Fr TV division. Meanwhile BSB has signed a two-year, £3.5m programme deal with the BBC which includes dramas, serials and children's and comedy pro-

The potential customers for

BSB business television

include the Financial Times,

The liquidators have so far

RAF COLLEGE Cranwell is to privatise many of its support services, including servicing of the new Tucano trainer aircraft, as part of the continuing process of using civilians to do jobs traditionally done by service personnel.

operations at Derby."

ROLLS

Rolls-Royce is fully stretched to meet its hulging civil engine orders at the same time as aggressively pursuing its recent strategy of expanding the market base of its civil

on track to meet our engine delivery commitments this year," Mr Turner said. He added that e 35-hour working week would be very damaging for the company,

worked 40-hour weeks. Firm orders for civil engines now stood at £3 billion com-pared with £1 billion two years ago. Mr Turner also added that the group had seen its share of the civil engine market rise

of its recent strategy of launching large families of products to expand the company's mar-

The company is now equipping all three main civil aircraft manufacturers, including Boeing, McDonnell Douglas and Airhus. It also believes it has stolen a march on its com-

2003, with new wide-hody medium to long haul jetliners accounting for more than half of the market.

new customers.

Although the company has cut its civil engine workforce

'I think our employees will face a real dilemms next week." another company executive in Derhy remarked, "1 think our people are proud of what they are doing and the way the company is going. I think they must realise the risks the company faces if

Economists say Ulster will see rise in jobless By Our Belfast Correspondent

UK NEWS - THE CONSERVATIVES AT BLACKPOOL

Shows of unity fail to hide strains

Michael Cassell assesses the Tory Party's end-of-conference mood

ALL WEEK, the Conservatives marched into a hostile wind along Blackpool's sea-front, hurrying inside the Winter

Gardens to seek comfort among kindred brethren. The rough, political weather outside was often forgotten in the warm glow that was generated by party loyalty and by the comforting certainty of the Tories' innermost convictions. The party's annual gather-ing has always been regarded

as more of a rally than a poli-cy-making conference, and this year there was no pretence that it was anything else.

Mr Kenneth Baker, the
party chairman, may not be
Mr Billy Graham, but his con-

ference performances were orchestrated by Mr Harvey Thomas, the evangelist's old ringmaster. His role this week was to lift

the spirits and rubbish the enemy. For the most part, he

In doing so, he did his party's morale and his personal prospects no harm at all. In his own words, Blackpool 1989 was an occasion for steadying the nerves of a party that is trailing badly in the polls, is fighting for economic credibility and faces a tight timetable for recovery.

for recovery. Everyons from the Prime Minister downwards has this week been heard to talk in a

There were new stars to applaud and to restore the appliand and the state of faith. Two of the undoubted party favourites were Mr John Major, the Foreign Secretary, and Mr Chris Patten, the Envi-

While neither of them made a speech that lived up to expectations, their thoughtful, constructive approaches to the husiness at hand won them

enthusiastic backing.
Even so, the strains did
show through the display of
unity and the tireless promotion of "The Right Team."
Throughout the week, the media - in particular the BBC - found itself on the receiving

tions about Baker did the party's Minister, bias and misinterpretation.
Increasingly chances no harm at all trolled council in London for

on a largely benign press sound like a classic case of hooting the messenger. The best street-fighting tac-

The best street-ngating tac-tics, however, were reserved for the Labour Party and for Mr Neil Kinnock, its leader, who was yesterday painted by the Prime Minister as e politi-cian whose sole guiding princi-ple was victory.

Mr Baksr dnbbed him "Humpty Dumpty," and he can expect many more attempts to knock him off the wall. Some attacks on the Opposi-tion were effective, like Mr Nigel Lawson's onslaught on Mr Khnock's economic prov-ess, but others sounded out-dated and their perpetrators seemed unaware that Labour has been deftly abandoning some of the old ways that had turned it into a political

The Teries may believe that Labour's recent transforma-tion is a sham, which they can expose. However, the old "loony left, reds under the "loony ieft, reds-under-the-heds" scare-mongering looks increasingly less appropriate. The voters certainly do not share such a scary image, according to the opinion polls. When Mr David Hunt, the Environment

substituting "Floughman's Lunch" with "Floughperson's Lunch" on its mans, even the

Lunch" on its means, even the Tory faithful thought they had heard a very old joke.

Many senior party figures, however, do not underestimate the scale of the fight which lies ahead, now that a two-party race has resumed.

In write of the present account.

In spite of the present eco-nomic problems, no one this week was prepared to warn publicly or privately that the Government might ectually lose the next election — but was plenty of talk of a

hard slog to secure a slim

majority.
Yesterday, Mrs Thatcher
won statutory, but highly
enthusiastic, acclaim for a speech which comprised a defi-ant and unapologetic defence of her political creed and

Her position remains unchallenged, even if her style and approach is being queried and some tactical manoeuvring by potential successors has shown through this week.

Mrs Jayne Worzall from
Oxfordshire summed up on behalf of many party mem-bers: "She is still our inspiration and is beads above the rest. But the truth is we have a huge fight on our hands. The

The Prime Minister's mes-sage to the party and to the country was the old, familiar theme of "business as usual" in the face of temporary prob-

fight starts new."

There was little detail on the agenda the party will need for its next election strategy. If the outward message was one of "no change," however, the Prime Minister and the party know that the time may well have arrived for a change of pace and a shift in tone. As one of the most senior Cabinet members said this week: "It is possible to move in one direction while appearing to go in another."



Thatcher confident that rise in inflation rate will be reversed

By Iver Owen

A CONFIDENT prediction by Mrs Margaret Thatcher, the Prime Minister, that the rise in Britain's inflation rate would be reversed helped the Conser-vative conference to end on an

vative conference to end on an optimistic note.

Her delighted supporters refused to let the Government's difficulties over the economy and its opinion poll ratings spoil her 64th birthday. During a 10-minute ovation, they renewed calls for her to spend "10-more years" in Downing Street.

Mrs Thatcher combined assurances about the strength of the economy — to be made "stronger still" when inflation was beaten — with a sestained

"stronger still" when inflation was beaten — with a sustained attack on the credibility of Labour's conversion to multilateral nuclear disarmament.

The Prime Minister deliberately avoided mentioning the name of Mr Nell Kinnock but questioned the Labour leader's assurances that he would keep Britain's nuclear deterrent. Britain's nuclear deterrent

In the process she clearly signalled her belief that Labour's vulnerability over this issue could enable her to lead the Conservative Party to a fourth successive general a fourth successive general election victory. She diamissed Labour's conversion to multilateralism as "no more than a confidence trick," designed to make the party electable.

She insisted: "It is still uni-

lateral disarmament - unilateral disarmament by agreement with the Soviet Union." ment with the Soviet Union."
The Prime Minister cited the flood of refugees from Communist-controlled countries as fresh evidence of the growing revulsion against socialist philosophy and stressed that times of great change were also times of uncertainty and denger.

She recalled that President Gorbachev had told her he would never do anything to put Soviet security in danger. "He knows that I would never endanger our security, nor would the Government I lead," she said, "yet that is just what Labour would do

endanger our security."

She scoffed at the "mass conversion" to Conservative policies that Labour had undergone at its conference last

To laughter and applause, Mrs Thatcher asked: "If it is that easy for the Labour leader to give up his principles in which he does believe, won't it be even easier for him to give

Stage-managing the

adoration of Maggie

does not believe." Labour, she said, just wanted power at any price and wanten power at any price and would say anything to get it — and its real prescription for Britain was the "disease" half the world was trying to cure. In a contemptuous reference to the Social and Liberal Democrats and the Social Democrats

crats and the Social Democrats she said the former Alliance partners had not learned what every woman knew — "you can't make a souffle rise

Mrs Thatcher also hit out at recent criticism of government policies by Dr Robert Runcie, the Archbishop of Canterbury. She said: "For every Pharisee

MR KENNETH Baker, the party chairman, said it had heen a "terrific" conference to the disappointment of many on the sidelines who had been waiting for things

to go wrong.

He hit out at the commentators who had been preparing to "run us down, write us off and count us out." He scoffed: "They must be very disappointed, because it ain't happened."

our system produces, you will find at least three good Samari-

Mrs Thatcher endorsed the Mrs Thatcher endorsed the warning given by Mr Nigel Lawson, the Chancellor of the Exchequer, on Thursday that industry must not expect to find refuge in "a perpetually depreciating currency."

In listing the Government's successes in strengthening the economy, she paid tribute both to Mr Lawson and his predecessor, Sir Geoffrey Howe as the "two finest Chancellors of

the "two finest Chancellors of the Exchequer since the war."

The Prime Minister denied that it had ever been the Gov-ernment's intention to privatise the National Health Service and reaffirmed her determination to make it one of the best in the world.

Dealing with education, she said the introduction of the national curriculum would give children the skills for work and the knowledge for a

Underlining the Government's concern for the elderly, she confirmed that indexation would result in a £8.30 increase in the single pension and a £5.30 increase in that for married couples from next April. She also roundly condemned the IRA and other terrorist

Fact 1: Britain needs 2 million new homes over the next 12 years

The latest Government estimate is that 2 million new households will need housing over the next 12 years. As a result up to 2 million more new homes may have to be built. You may find it surprising given the number of houses that are currently for sale. The truth is however that many of these properties would be snapped up immediately if mortgage rates weren't so high.

As the bank of England confirmed recently, although population growth is expected to slow, the number of households needing a home is going to remain high in the coming years.

Fact 3: Only 11% of England and Wales is built on. Just 1% more would provide all the homes we need up to 2001.

Mention building on new land and some people envisage developers building all over the countryside. The truth is very different. A tiny fraction of the millions of acres of surplus farmland could solve the problem, leaving 88% of England and Wales still rural. What's more, unattractive waste areas on the edge of towns and villages can also be used for building.

Solving the housing shortage-the hard facts, not the soft soap.

Fact 2: We're currently building only half the homes that we built 20 years ago.

In spite of the enormous demand for affordable homes, housebuilding is down.

In 1968, 394,400 private and public homes were built. By contrast, in the boom year 1988, the number of new homes built totalled only 250,000.

The CBI believe that this shortage is already seriously damaging industrial expansion. Planning policies will prevent many badly needed homes from being built over the next decade. We must plan to build sufficient homes if we are to stave off the crisis.



Fact 4: c.45% of all new homes are currently being built on urban land.

Although we are already building and refurbishing many homes in urban areas, not everyone wants to live there. In both the North and South, changes in industry mean that new homes are also needed outside the cities. In fact the problem is even more acute in parts of the North where a greater proportion of the land is covered by green belt.

Local authorities have it in their crisis can be averted before it's too late.

Only by acting now, can we safeguard the future. For more information. write to: 'More Land For Homes', 82 New Cavendish Street, London W1M 8AD.



This campaign is supported by members of House Builders Federation, New Homes Marketing Board, Building Employers Confederation, National House Building Council, Federation of Master Builders, National Council of Building Material Producers and leading Building Societies.

power to make sufficient land available for building. If they do so, the housing

Raiph Atkins charts the PR build-up to conference climax

almost earning himself the afternoon's first standing ova-tion. A short respectful silence was followed by the entry of the grey-suited Cabinet.

For 20 minutes the audience listened to Lord Whitelaw's introductions and

introductions and a financial

appeal — a chance to catch breath and dig into pockets. Then at 2.25pm came the grand sniry. Mrs Thatcher, dressed in Tory blue, acknowl-

edged rapturous applause as she put her handbag by the lectern and took her seat.

Her speech began quietly, almost majestically. At times her voice was as low as a whisper. But the address was punctuated by applause more than 70 times in 45 minutes.

When she sat down, Cabinet and conference rose simultaneously to deliver 10 minutes.

Took two hours of cajoling, and expectation-building to ensure an explosion of unadulterated adoration at 3.15pm yesterday.

Mrs Thatcher's 10-minute standing ovation was earned not just by a carefully-crafted speech. It took careful planning by party organisers led by Mr Harvey Thomas, public relations consultant to the Conservatives since 1978 and former aide to Billy Graham.

Even at 1pm it was standing Even at 1pm it was standing room only in the Winter Gar-

room only in the Winter Gardens ballroom. The sky-blue
platform was planned for maximum impact; on top drooped a
Union Jack, on either side
were glant TV screens.
Mr Thomas says much of the
build-up was spontaneous. He
just made it easy to get the
right reaction.
First, came the Charleston

First, came the Charleston, played on the electronic organ at the foot of the platform. Next there was an outbreak of

Next there was an outbreak of clapping and flag-waving in the front rows.

The tempo accelerated gradually. The music switched to Pack up your Troubles and the cameras began to pan. From the oversize TV screens, members could see themselves waving plastic Union Jacks. At the back of the hall, a mun nodded her head in time to the beat.

By 1.45pm, as the organist embarked on Daisy Daisy, the audience was swinging.

Just before 2pm, navy party banners were handed out. Clapping, to the tune of the cancan, became frenzied. This was party time.

After a blast of Oh, we do like to be beside the seaside, the organist took a bow—

and conference rose simultaneously to deliver 10 minutes of clapping, cheering and flag-waving interrupted only by the triumphal singing of Happy Birthday.

The audience started to chant, "10 more years." The Cabinet gathered behind Mrs Thatcher as she stretched out her arms for the team pictures.

Lord Whitelaw tried to still the hubbub. "No more," he demanded, only triggering foot-stamping in the bekonles.

Eventually the din subsided. Mrs Thatcher left the stage, sweeping through the hall to the tune of Land of Hope and Glory. Some delegates were in tears. British democracy can be emotionally exhausting. be emotionally exhausting.

Correction

Mr Toby Horton of Richmond

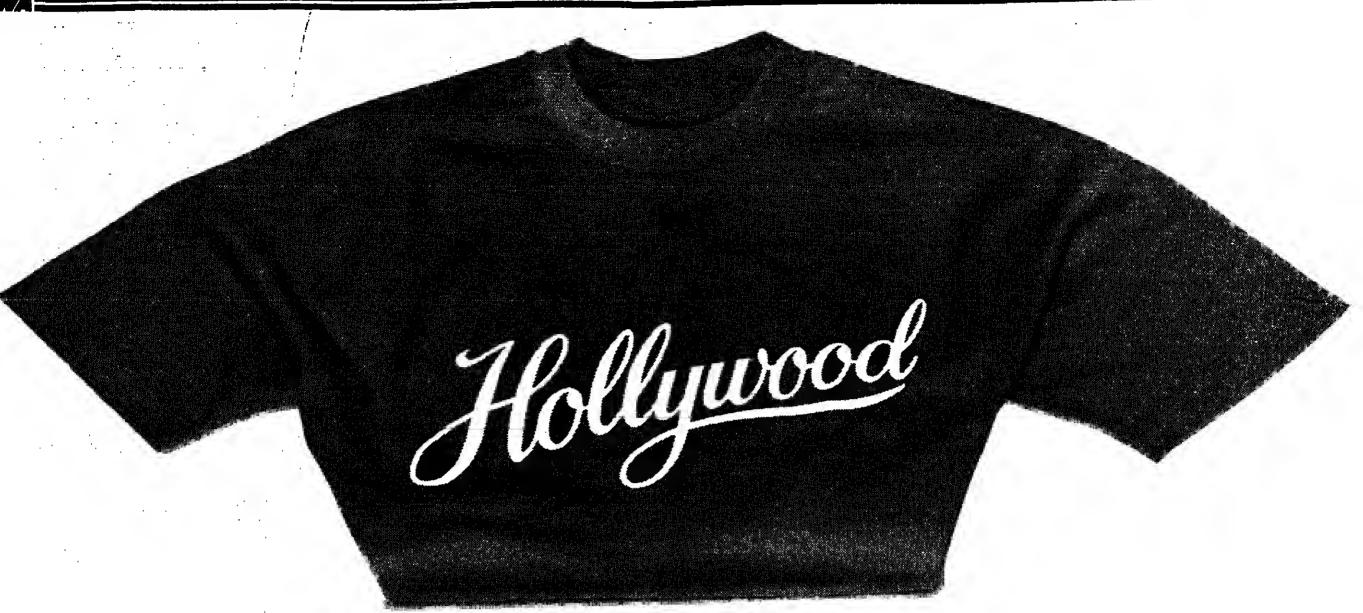
IN our issue of Wednesday, October 11, we wrongly attributed to Mr Toby Rotton of the Richmond, Yorkshire, Conservative Association, remarks made by Mr Kevin Johnston of Eastbourne

Johnston of Eastbourne.

In his speech to the conference, Mr Horton said the Government's housing legislation had offered families and individuals the opportunity for choice "to obtain the kind of housing that they need as we dismantie the fabric of socialist planning which has disfigured our nation in the 20th century."

Right-to-buy legislation and other measures had helped make a reality of the property-owning democracy, while rented housing had been freed from state cont-

Mr Horton called for measures to ease the problems of young people seeking homes in rural areas, where prices had risen beyond the reach of many. He said local authorities and housing associations should have resources to deal with the problem. with the problem and the legal power to reserve new, low-cost houses for local needs.



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Saturday October 14 1989

Thatcherism redefined

BRITAIN'S Conservative Party sought a new direction this week, although yesterday's speecb by Mrs Margaret Thatcher gave little overt indi-cation that the Prime Minister cation that the Prime Minister has found one. Her tone was foreshadowed on Tuesday, in a rousing defence of the Tory record by the new party chairman, Mr Kenneth Baker. This served to stiffen the nerve of delegates who were well aware of the strong lead in the opinion polls established by a freshly ravitalised Labour Party. It was echoed yesterday, Party. It was echoed yesterday, when Mrs Thatcher reverted to first principles and the slogans of 10 years ago - freedom, opportunity, family, enterprise, ownership - and indicated that it was upon these that she would do battle with Labour at the next general election.

Labour was dismissed as a camouflaged socialist party, treading a path from which east Europeans are fleeing.
This strategy fits the personality of the Prime Minister. Broad announcements of a change of direction, or of policies modified or abandoned, would destroy the credibility of an outstanding politician whose two most widely recognised characteristics are commitment and consistency. The question is whether it fits the mood of the country, or even of many Conservative voters. It is one thing to see off a demoral-ised and plainly left-dominated Labour Party in two elections in which a third force - the Alliance - was muddying the electoral waters. It is quite another to go to the polis in 1991 or 1992, 1979 rhetoric unchanged against a unified

Labour opposition that may by then resemble many of conti-

nental western Europe's social democratic parties.

Principal factor The principal deciding factor

will, as always, he the economy. Tory uncertainty about the future will not have been allayed by Mr Nigel Lawson's speech on Thursday, since the foreign exchange markets remain unsettled. Mrs Thatcher ruled out a "perpetually depreciating currency," acknowledged the need to get inflation down, and sympath-ised with mortgage-holders hit could not have been expected to forecast when the hoped-for soft landing would come. Even if it does, and does so in time for the next election - as the Prime Minister intimated yesterday it would – it is possible that the credibility of the post-1979 Conservative "economic miracle" has been fatally undermined.

If that advantage is lost to them, the Conservatives will be left with explaining away

7 lth Euro-Disneyland

signs of high prosperity at the Disney Company, it is time to ask: what ever is happening in the Kingdom of the Mouse?

Sixty years old last year, the

world's most famous rodent is

gold watch to a star whose

own watch is legendary world-wide. Even Emperor Hirohito

tures, human and otherwise,

who have turned the Disney company's fortunes around in

spying the tempting breach of a loss-making movie division, closed in on Disney ready to buy and asset-strip — to

become one of the two gold-

mine Hollywood companies of

the late 1980s. (The other is

tower bearing a pair of giant

Sixty-one years ago, who

Paramount.)

Eisner, is 6ft 3in tall.

shares roaring into overdrive and other

unpopular policies, such as the poll tax, whose introduction will be smoothed by a £1bn bribe announced during the conference; water and electricity privatisation; and the reforms of the National Health Service. The Prime Minister mentioned none but the last of these in her speech, but then she also left out the growing payments deficit, European monetary co-ordination, and a number of other pressing contemporary problems. The Government's present hope is that this list will shorten over the next couple of years, particu-larly if it now embarks upon a period of consolidation. Thus yesterday's stout defence of the record of the past 10 years was not followed by any pronouncement of a forward programme

There is, however, a new mood among Conservatives. Sir Geoffrey Howe, a founder of Thatcherism, called in a thoughtful speech at a fringe meeting for a fresh approach to an electorate, a large propor-tion of which never knew adult life under the last, disastrous, Labour government. Mr Cecil Parkinson, an intellectual ally of the Prime Minister's, proved nnable to confirm the announcement made last year by his predecessor as Trans-port Secretary that the railways would be privatised. Mr John MacGregor, the new Education Secretary, seems set for a period of quiet management whose principal objective is not to rock the boat. Most strikingly of all, Mr Christopher Patten, the new

New Tory mood

Environment Secretary, spoke unapologetically of regulation and action by the Government to ensure that the activities of the market do not damage the environment. Mrs Thatcher alluded once again yesterday to the threats to the planet arising from the activities of mankind; Mr Patten should therefore be in a strong position to pursue a more interventionist environmental policy than his free-market fundamentalist predecessor would have desired. Good stewardship of the public sector is now perceived by a wide segment of the electorate to be just as desirable as the efficient opera-There is thus a case for mod-

ifying the aggressive Thatcherism of the early 1980s. The market alone does not have all the answers to the needs of education, health, transport, energy, land use, local govern-ment and many other areas of public life. A simple acknowledgement of this fact would go a long way towards helping the Tories recapture some of the centre ground now in Labour

Profitability in manufacturing

Net rates of return to fixed capital

1972 74

hey were fun while they

be at the top of the European growth pyramid and not at the hottom, to be admired for economic dynamism, not

pitied for the English disease. With inflation now at around 8 per

cent, the current account deficit at 4

per cent of gross domestic product, base rates up to 15 per cent, a 9% per cent depreciation of the pound during

the year thus far and growth slowing rapidly, those heady days are gone. But why did they go so quickly? Was the whole Thatcher experiment for

The next two or three years will go

far to provide a more definitive answer to the last question. The capacity of an economy is measured not by its performance during a

period of cyclical expansion but by how it adjusts to adverse shocks. The

mettle of the Japanese economy, for

example, was revealed at least as much by how it adjusted to the two

oil shocks and the appreciation of the yen between 1965 and 1967 as by its

extraordinarily rapid growth in more normal times. Similarly, the alleged improvement in the flexibility and

dynamism of the British economy will

be shown now - or not at all. Unfor-

timately, the augurles are not promis-

The Government is vulnerable to two, apparently diametrically opposed criticisms. The first "I told you so"

comes from those who emphasise the

failure to control demand from 1985 onwards, The second comes from those who stress the Government's

failure to bring about an adequate improvement in the performance of manufacturing industry.

Monetarists make np the first

group, especially those emphasising

hroad money, of whom Tim Cong-don', now at Gerrard and National, is

perhaps the most influential. In facing

these critics Mr Nigel Lawson, the

Chancellor of the Exchequer is con-

fronting people who not long ago con-sidered him one of their own.

The second group, centred on Cambridge University, might best be labelled "structuralists." Professor

Wynne Godley* is perhaps the best known member and "manufacturing

matters" its hanner. Those of this per-

ism has simply left manufacturing too

small and anaemic for the UK current

account deficit to be closed without years of slow growth. The balance of payments constraint is, they assert,

It would seem unlikely that both of

these different groups could have a point. It would seem equally unlikely that they share anything. But they do.

Behind what has gone wrong with demand and what is still wrong with British industry is the British econ-

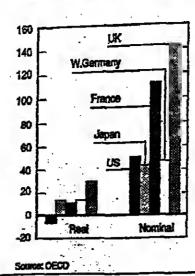
omy's oldest problem: labour, its qual-

back with a vengeance.

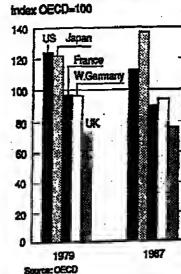
lasted, those heady years of the "British economic mira-

cle." How pleasant it was to

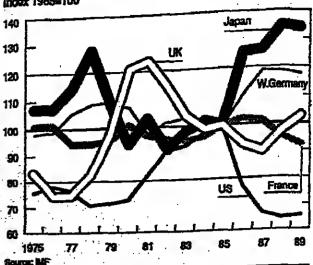
The rise in wages Total % change, 1988 over 1979



Investment per head At purchasing power parities



Trends in international competitiveness Cyclically unadjusted unit labour costs Index 1985-100



Martin Wolf asks whether the Thatcher economic experiment has been for nothing

Questions over the British miracle

ity, its price and its mobility.

At a series of crucial points between 1985 and 1988 the Government faced a choice between doing something about its pledge to eliminate inflation in the long term and a more growth-oriented strategy. It consistently chose the latter.

Thus, during 1985 the Chancellor

decided to downgrade the targets for broad money and to ignore the accel-erated growth of these aggregates that ensued. In the sams year, the Prime Minister ruled against the Treasury's most serious attempt to enter the exchange rate mechanism of the European Monetary System.
In the second half of 1986, the pound was allowed to depreciate by 11

per cent, as the oil price fell. Over the ensuing year and a half monetary pol-icy was adjusted in order to keep ster-ling down. Then came the stock market crash of October 1987 and the subsequent monetary easing, itself unduly prolonged by the attempt to keep sterling below DM 3 and, after March 1988, by the desire to minimise its subsequent rise.

only an exceptionally lucky Government could have won every one of this series of risky bets. In the end, it lost, as real final domestic demand grew by 4.2 per cent in 1966, then by 5 per cent in 1967 and, finally, by 6.2 per cent in 1988. Why did the Government initiate

what will be known to economic his-torisms as "the Lawson boom?" The answer is reasonably clear by now: costs of lowering inflation during 1980-82 recession, especially the in unemployment to well over 3m by 1983, had shaken it severely. It had no further stomach for the fight. On the contrary, its priority had-shifted to a desire to see unemployment fall once more. By 1983 the rise in underlying average earnings had settled down to around 7% per cent a year. Further reductions in the rate of wage inflation, which was still about twice as fast as in the other major industrial countries, required a fur-

ther increase in unemployment.

Not only was the growth of nominal earnings still high, but real wages —

the earnings left after inflation — were also rising exceptionally rapidly. Thatchsrism has certainly not crushed the workers. Between 1979 and 1988 real earnings in the UK rose by 28 per cent. This is more than double the increase in Japan, West Germany or France, while in the US real earnings actually fell by 6% per cent over this pariod. With real wages rising at this rate, the only way to lower unemployment significantly was through accelerated growth. In the event, unemployment only started to fall from mid-1986, as growth took

What halted the expansion was inflationary pressure, especially in the labour market. The deterioration in the external balance, by 3.8 per

Only an exceptionally lucky Government could have won every one of its series of risky bets. In the end, it lost

cent of gross domestic product in 1988 alone, is a prime symptom of this inflationary pressure and its main safety valve as well. The external deficit represents

repressed inflation. In time this deficit will have to be closed. To close it through stagnation in demand alone would be extremely costly, because a slow down in demand affects the external belance only in small part. Most of the decline would fall on domestic output. This might be a solution, but hardly a miracle.

It is at this point that the critics of the economic structure of the UK are entitled to their say. While the deficit in the external accounts represents an excess of expenditure over income, it also represents an excess of demand also represents an excess of demand for tradable goods and services over their supply. If the deficit is to close, the supply of tradables will have to rise as a share of GDP. Moreover, at present and for the foreseeable futures that means a rise in the share of man-

At present, the share of manufac-tures in GDP in the UK is lower than in any other major industrial country. John Wells of Cambridge University has pointed out that closure of the external deficit through expansion of manufacturing alone would require a 15 per cent expansion of supply. Furthermore, that expansion must occur relative to the growth of demand. Suppose, for example, that the deficit were to be closed over five years and the demand for manufactures were to rise by as little as 2% per cent a year over that period. Then manufacturing output must rise at an annual rate of per cent a year.

Such an increase is most unlikely. From the trough in 1981 to the first quarter of 1989 output of manufactures rose by 30 per cent, a compound growth rate of a little over 3 per cent, most of it concentrated in the years after 1986. Between 1979 and the first quarter of 1989 the output of manufac turing rose by only 12 per cent.

To expand supply, capacity must also be expanded. Much has been made of the growth in investment in recent years. But the overall share of investment in GDP has merely recovered from its low levels in the early 1980s and is no higher than it was for much of the 1970s.

What is more the composition has shifted away from manufacturing. Between 1979 and 1988 gross domestic fixed capital formation rose by 34 per cent in real terms. But investment in manufacturing did not rise at all, the increase of 54 per cent between 1981 and 1988 merely offsetting the decline between 1979 and 1981. Consequently, manufacturing's share of gross fixed capital formation fell from an already low share of 18 per cent in 1979 to a mere 13 per cent in 1988.

This is not the stuff of which mira-

cles, whether of export growth or import-replacement, are made. The question is why an undonbted improvement in productivity performance in manufacturing, with output per man rising at close to 5 per cent a year from 1981, has not led to a greater expansion of manufacturing

output and capacity.

Ultimately, this is the same ques Ultimately, this is the same question as why manufacturing has performed so poorly for so long in the UK. Manufacturing may, indeed, matter, but its poor performance is a symptom of something deeper. It is almost certainly a reflection of a consistently overvalued real exchange rate. But the real exchange rate is itself just a suphemism for the cost of labour, adjusted for its efficiency, against the prices of output that are set by world competition.

set by world competition.

Economic miracles require high
profitability, with the profits generating both the savings and the incentive to invest. Correspondingly, the poor performance of UK manufacturing reflects (and, in turn, causes) the consistent squeeze on its profitability. How far has Thatcherism succeeded in remedying this fundamental prob-

The answer is that it has brought about a noteworthy improvement, but this has almost certainly not gone far enough. Profitability in manufacturing is, allowing for the cyclical fac-tors, still on the low side of interna-tional norms. This is better than being virtually non-existent as it was, but is it enough? Between 1979 and the mid-1980s the share of the gross operating surplus in the gross value added of British manufacturing rose from 23 per cent to 30 per cent. It has risen further since. But the bulk of the increased income generated by higher productivity has accrued not to profits but to those lucky enough to remain employed, whereupon it was promptly spent.
Inadequate profitability limited the accumulation of physical capital and

compressed wage differentials limited the growth of human skills. Unfortu-nately, even though these differen-tials have widened during the 1980s, the facilities — many of them public - to increase the supply of human anital have not.

Demand was allowed to grow far too fast, largely to get round problems posed by British labour markets. The speed of disinflation now depends on the flexibility of British labour mar-kets. The ability to close the external deficit without prolonged stagnation also depends on the performance of the British labour market. If adjustment with growth proves impossible ated inflation it will be because the Government did, in fact, fail to do enough to solve what has long been. and remains, the UK's most fundamental economic problem.

'Tim Congdon, Monetarism Lost and Why it Must be Regained, Study no. 106 (London: Centre for Policy Studies, 1989).

*Ken Coutts and Wynne Godley, The British Economy under Mrs Thatcher, The Political Quarterly, April-June

1989, 137-51.

MOUSE IN THE NEWS

Milestone in the showing no sign of calling for his pipe and slippers. No one at Disney would dare present a story of had one. Mickey Mouse, of course, is only one of a team of crea-Since the mid-1980s that company has hounced back from being a sitting target for take-overs — in 1984 Saul Steinberg and other raiders,

By Nigel Andrews

mice, men and Mickey

would have foreseen it? Origi-nally named Mortimer Mouse, Mickey may be only a team member, but few would dispute he is first among equals. He has the highest profile in the until Mrs Disney stepped in and insisted on Mickey, he grew from a doodle on the 26company – no mean feat when the chairman himself, Michael year-old Walt's sketch-pad into the cartoonist's first success. In 1928 Disney pushed the rodent into two short films ar-old Walt's sketch-pad into The flotation of shares in Disney's next territorial conthat no one wanted to buy. "Get that mouse off the quest, Euro-Disneyland, due for ribbon-snipping in France in 1992, merely adds another milestone to M.M.'s career. screen!" L.B. Mayer is reported to have yelled when Walt brought his brainchild to

That career has taken him from the obscurity of a small To keep the creature alive, Disney then sold his car, a Kansas City advertising office - he started ont as a real much-loved Moon Cabriolet. Months later Disney and Ub Iwerks, the animator, hit the jackpot. Mickey's third outing was Steamboat Willie. It was mouse that prowled the yet-unknown Walt Disney's floor -to the most famous corporate logo in the world. Indeed, the first thing noted by visitors to the cinema's first all-sound, Disney's newest fantasyland, all-music cartoon and it set the Disney-MGM Studio Theme Mickey Mouse on the road to Park in Florida, is the mouse's millionaire status. Mickey's name on cinema latest incarnation: the "Earfull" Tower, a 100-ft water

marquees soon began rivalling the main feature and its stars, and even though Walt Disney himself had handed over the

draughtsmanship to Iwerks, he kept in touch with Mickey per-sonally by dubbing tha mousa's voica. Only years later, when Walt's smoker's cough coarsened his voice, did

he give the job up.

During sixty years of squeaking life, the mouse has done everything a rodent could

He has starred in a feature film: stealing Fantasia with his Sorcerer's Apprentice solo. He has shaken hands with the famous and infamous: Leopold Stokowski, Sergei Bisenstein, Nikita Khrushchev, Richard Nixon. He has fronted the most popular television programme in China: The Mickey and Donald Show. He has hosted his own fitness programme: Mous-ercise on the Disney Channel. And he has lent his features to nore tie-in products than any other celebrity on earth.

In a world preyed upon by political gloom and paranola, we should be grateful for his constance of only as the invitance.

existence, if only as the inspi-

ration for such life-enhancing cracks as "Mickey Mouse wears a Dan Quayle watch." Since the 1950s, Mickey has virtually retired from movies. His only major appearance in the last ten years was in the half-hour cartoon, Mickey's Christmas Carol. But if ever the phrase "kicked upstairs" had meaning, it does with him. He has become the Disney out-fit's top ambassador and is first in the greeting line when-ever VIPs visit the Disney theme parks in Los Angeles,

Florida or Tokyo.

Like Disney itself, Mickey changes with the ages. When the fantasy-dispensing company rode high in the 1980s, so did Mickey. Nothing like a happy, dancing mouse to take your mind off the Depression.
Like Disney, his popularity
waned during the Second
World War, when grimmer matters of life and death were afoot. But when America bounced back into a family-

huilding optimism after the

hard romance to sustain dur-ing Vietnam and Watergate – than because newer, brighter variants on innocence were suddenly on offer. while the Disney studio recycled its old formulae and friends — four-pawed, feath-ared and otherwise — Steven Spielberg and George Lucas entered to give children's entertainment a salactic

war, so did Mickey. He was there on the small screen, if not the large, to squeak

ng to rediscover its innocence. He appeared in more than 100 television cartoons in 1954

With his parent company, Mickey went into a decline in the 1960s and 1970s: less

because the world had fallen out of love with innocence -

though for America it was a

entertainment a galactic dimension. Squeaking carbon mice were suddenly no match for multi-million movies bristling with gold-plated robots.

The mouse and his empire also had to recover from the

death of Walt himself in 1966.
For 18 years after the great providar's demise, there seemed precious little cheese to tempt Mickey from his mousehole. Since almost every Disney movie in those dark years lost money, why lure your most precious asset out to be tarnished by failure? All that changed after 1984.
Well, almost all. The exception was Mickey's continuing preference for off-screen stardom.

But with a movie regime cranking out one mouseless smash hit after another — Three Men And A Baby, Good Morning Vietnam, Who Framed Roger Rabbit – who needs to coax the Superstar Emeritus back into costume when he is successful as a company front-man?

In short, the mouse is alive and well and living in almost every corner of the world. Euro-Disneyland may lend him a French accent, but neither the mouse's appearance nor his fame seem likely to change this side of the next millen-

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he exercise of looking at what is happening in Eastern Europe through the eyes of a communist is worth the tronble, for there are still many there who would call themselves communists with conviction and who intend to keep their countries that way for as long as possible.

I had a long conversation earlier this week in Budapest with a former Central Committee member of the Hungarian Socialist Workers party (speak-ing on the understanding of not being named or directly quoted) who had resigned in disgust when the HSWP became the Hungarian Social-ist party a week ago today. Much of the argument was

an emotional response, speaking of the experience of one
who really had been liberated
from the Nazis by the Red
Army and who remained grateful; of one who watched with
horror the destruction of communism and the excesses of
the demonstrators in 1955; of the demonstrators in 1956; of one who saw in the 30 years' peace of Janos Kadar a period of stability, growth and a national independence sufficient to ensure that Hungary was governed by Hungarians but limited enough to restrain a Hungarian nationalism which my informer feared.

The argument about a people denied any political voice and who now deserved one was not dismissed, but not valued as highly as peace, stability, a particular version of progress, and a disciplined check on the perceived reactionary potential within Hungarian society.

John Lloyd surveys the process of change in Eastern Europe through the eyes of some of the losers

The many roads from socialism

of these thoughts would be among the better instincts of Erich Honecker and his colleagues in the Politburo. It is always an error not to accord a high importance to the effects of ideology and idealism among senior communists: many of their actions are ism, not dead by any means, enjoins ruthlessness of course, but in pursuit of an end, an ideal – that of an equal, class-less, society. East Germany has no reason for its axistence without its ideology, but its rulers do not hold to the ideology in order to hold on to the nation. In the snarling bafflement of the pronouncements of the East German leadership over the past week it is easy to read the disappointment of a political class which believes it has achieved many of its aims. which cannot get a significant number of the objects of its concern to agree with it, but which intends to go on trying. To such a view, the behav-iour of those Hungarian communists who have given up on communism is seen as treachery, the more so since it is sumed it is done for opportunistic and reactionary reasons. Mr Imre Pozsgay, the most ardent Hungarian reformer

The East German equivalent



John Bierman asks whether the KGB has answers to the mystery of

Raoul Wallenberg, Sweden's war hero

The 1956 Hungarian revolution: refugees wait at Klingenbach station for a train to take them to Vienna

date for state president next month, is seen by those who will not follow him down the reform road as a man who has used the West to gain exposure and nationalism to gain popnlarity. He is seen as a turncoat, a schemer and a fraud. The particular morality of ruling or at least suppress the memory of murder, repression, censorship and vast mendacity

and yet hecome genuinely indignant over the breaking of ranks is none the less real. Mr Mikhail Gorbachev's plea for reform has had a grudging response from East Berlin, in the form of a Politburo statement on Thursday which called for citizens' views on how to make socialism more attractive, but excluded from the dialogue any who made counter-revolutionary attacks.

Are the East German leaders, from their own perspective, wrong (that is, not morally but tactically) to take this line? Mr Gorhachev has pleaded for reform: but a man with a ruined economy and wars and secession movements in half his empire cannot have the pull of his apparently suc-cessful and impregnable predecessors. The examples of Poland and Hungary are similarly uninspiring. You do not have to be a communist to put the case that reform in these two states presently causes, not visibly cures, chaos - or at least deepens lt. Further, communists and liberals have incompatible views of democ-racy and human freedom: it is only to the liberal view of these that the processes in Hungary and Poland make

Thus, though the destruction of Hungarian communism is likely to be final, it has at best limited export value. Imre Pozsgay can junk Marxism for nationalism. But Erich Honecker and his colleagues cannot, since the ideology is the reason for the state. So far, the renunciation of state power by Hungary's communists has een peaceful even anti-climactic. The special congress last weekend, though intensely exciting and contentious to its participants, had already been discounted by Budapent's sophisticated political brokers, their eyes fixed on the hy-election victories registered by the Hungarian Democratic Forum and the rise in the popularity of the Free Democrat The collapse of the Brezhnev

doctrine of indivisible socialist bloc unity in favour of the Gorhachev era of laissez-faire really is producing a diverse patchwork of states, which will be diverse in their ability or willingness to reform - a process which many of the unreformed see, reasonably, as a synonym for loss of power. East Germany has no mass movement on the horizon yet, and is further inhibited from reform by the need to justify these states' existence. Czecho-slovakia's leadership cannot allow the questioning of the

source of its legitimacy in the Soviet invasion of 1969 while Hungary faces dissidents but not yet a proletariat aroused. Bulgaria will introduce Soviet style reforms, without yet, Soviet style chaos or fledgling democracy. Romania and Albania are clamped in iron.

Economic stagnation would, of course, be the engine to crack open the anti-reformers' gates, and there are ample signs of It in Czechoslovakia and East Germany too admitted, at least in the first of these. But in the short term there is no a priori reason why controlled reform, coupling limited decentralisation with the tension of strong central control, should produce less successful results than the plunge into the market system now, it seems, about to be taken in Poland and foreshadowed for Hungary. Indeed, the further deepening of poverty in these two countries as a result of the plunge is likely to pro-vide an endless source of cantionary tales for the non-re-formist leaders to tell their people, who have been kept in

political infancy.
It is possible to say this about reform in Eastern Europe: there is no such thing as reform in Eastern Europe. There is Polish reform and East German anti-reform: there is Hungarian renunciation of communist power and Czech assertion of communist power. They are vitally linked but independent: for the moment, barring internal collapse, the anti-reformists lack good rea-son to join the camp of those they hate.

Te was the Scarlet Pimpernel of the Second World War who became the Man in the Iron Mask of the Cold War. How, when and where he died assuming that he is not still alive somewhere in the Gulag remains one of the most polgnant personal mysteries of our age. Next week in Mescow, at Mr Gorbachev's invitation, his surviving relatives will get their first opportunity to ques-tion the KGB directly about his fate. They are unlikely to

learn anything satisfactory. Raoul Wallenberg, an ama-teur Swedish diplomat, saved thousands of Jews from Hitler's gas chambers in wartime Bndapest before vanishing into Stalin's prison system when the Red Army "liberated" the Hungarian capital. For 12 years the Soviets insisted that they had no idea what had happened to him. Then Andrei Gromyko, at that time Soviet deputy foreign minister, responded to repeated Swedish official enquiries, with a statement that Wallenberg had died, aged 35, of a heart attack in Moscow's Lubianka prison in

and now the new HSP's candi-

The Soviets never produced any documentation to support this assertion, and neither Wallenberg's family nor the Swedish government accepted it. There had been too many reports of his having been seen alive in various Soviet jails and prison camps after the date of his purported death. Such sightings have continued - some of them obvions fantasy, others more credibla-sounding. The latest, according to a 1988 book by an established Swedish author, was three years ago.

Even in the glow of glasnost, the Soviets continued to stand by Gromyko's 1957 explanation, though now with expressions of no donbt genuine remorse. "This was a dark period in our history," said a Soviet delegate at an international human rights conference in Paris this summer.

July, 1947.

In pursuit of the truth "We deeply regret the death of this noble person. If we knew any more, we would let the

world know.' Still, scepticism remained. In a state as bureaucratized as the Soviet Union, It seemed unthinkable that the documentation on a prisoner as impor-tant as Wallenberg - which most have run to several volumes - could simply disappear. No less an expert in such matters than Andrei Sakharov supported this view. "The file of a foreign diplomat, which could some day become crucial for the reputation of this country . . . could not possibly be destroyed." he said.

Many observers theorised that the reason for the Soviets' continued official vagueness was the fact that Gromyko was still alive and titular President of the Soviet Union. As long as he survived it would be too embarrassing to admit that he had lied about Wallenberg. But with his death this year, it seemed that the truth might at last emerge.

By now, the newly liberated Soviet media were presenting Wallenberg as an unsung hero and the Wallenberg affair as a test case of glasnost. The mass circulation Komsomolskaya Pravda ran a series of articles acquainting its readers with his humanitarian wartime deeds and ironic postwar fate, and soliciting information from ex-prisoners who might have seen him, Among the hundreds of letters the newsRed Army veteran saying that, as well as his rescue of Hungarian Jews, Wallenberg had saved the lives of 100 Russian soldiers wounded during the siege of Budapest.

Feature articles also appeared in the weekly newsmagazines New Times and Moscow News, production hegan on an hour-long television documentary, and a popular TV magazine programme displayed a wartime photo-graph of Wallenberg and asked its viewers: "Have you seen this man? Today he would be 77.

When Wallenberg's half-sister Nina Lagergren, halfhis old friend and colleague from the wartime embassy in Budapest, retired diplomat Per Anger, were officially invited to the Soviet Union to discuss the case with senior officials it seemed possible that the full truth was about to be told. They were assured by the Soviet ambassador to Sweden, Boris Pankin, that the Foreign Ministry and the KGB would show them "everything we have at our disposal."

But that "everything," as a number of Soviet officials have insisted since, consists of the questionable 1947 document and nothing else. That docu-ment, never before displayed by the Soviet authorities, has been officially described as a handwritten note from a prison doctor named Smoltsov

to then minister of state security, Viktor Abakumov. It read: "I report that the pris-oner Walenberg [sic], who is well known to you, died sud-deuly in his cell this night, probably as a result of a heart probably as a result of a heart attack. Pursuant to the instructions given by you that I personally have Walenberg under my care, I request approval to make an antopsy..." In the same writing, scrawled across the hottom of the report, was the additional notation: "I bave personally notified the minister and it has been ordered that the body be cremated

nmov fell foul of Stalin and was executed in 1954. Is it really possible that the entire Wallenberg file was destroyed, but for the Smoltsov letter? Dr Sakharov is not the only one to insist that this cannot be. Those who know KGB methods say that It has perhaps the most detailed filing and archiorganisation in the world, from which it is impossible to extract and destroy documents without trace. Besides, they say, if Abakumov or a successor decided to destroy the Wallenberg file, wby should he leave the Smoltsov letter, giving the lie to the Russians' claim that Wallenberg had never been their prisoner? Sakharov is insisting pub-

licly that the Kremlin should allow a non-governmental group of independent experts to carry ont a thorough inves-tigation. An official undertaking to do just that may be the most that Wallenberg's slb-lings and his old friend Anger can hope to obtain from the

like many of his admirers around the world, clings to the hope that Wallenberg is still alive somewhere in the Gulag that will be a crushing anti-climax to a moment of hope. John Bierman is the author of "Righteous Gentile: the Story of Raoul Wallenberg"

LETTERS

Interest rates, exchange rates and taxation

From Mr Fabian Finlay.
Sir, The exchange rate is not a proper subject for a direct policy objective. First the Chancellor tries to stop ster-ling going above DM 3.00, then he tries to stop it going below. He fails on both occasions and makes himself very unpopular in the process: If a free market is to he allowad on the exchanges, then the Chancellor should sit back and let it oper-ate. The market will go too far in each direction whatever the Chancellor does, but the cost will be less if he does not try to

stop it.
The Chancellor should settle for one policy objective - the control of the rate of inflation. To achieve this he needs a consistent policy than can be understood by the nation as a whole. A commitment to the

Life assurance From Mr Ivor Kenna. assets in the hypothetical year Sir, I was interested to read to May 1990.

Eric Short's article on the attitude of the Consumers' Association to the proposals by the Securities and Investments Board for the disclosure of expenses in respect of life assurance policies ("SIB plan on disclosure under attack, October 9). The SIB proposes that all life

assurance companies issue a booklet once a year, covering such items as expenses and financial strength. A typical proposed format for achieved results with profits under a regular premium 10-year endowment assurance maturing in, say, May 1990 is shown below.

Credited investment return Deduction for expenses
Deduction for mortality risks ---Net return to policy holder

In practice, tha "credited investment return" figure is built up from the net return plus the two "deductions."

The company booklet is to be the main source of information for the independent intermediary. He is likely to prefer the life office which has, apparently 1) the highest net return; and 2) the lowest proportion of return going in expenses.

Life offices often have substantial free assets which they can use at their discretion. It is not clear from the SIB booklet how much of the "credited investment return" has been derived from a good invest- Gough Square, EC4

whatever happened to inflation, the Government would maintain interest rates at a level which - after tax -exceeds the rate of inflation, then they would know that the pound would maintain its real value within the UK economy. The retail price index should include a factor for house prices, not mortgage repayments including interest costs. inflationary behaviour such as the pushing up of house prices

clear future cost.

The exchange rate would find its correct level, since, to the extent that devaluation gave rise to inflation, there would be compensatory rises

ment performance and how much may be attributed to a transfusion from the free

Clearly the scope for such transfusions is limited. How-ever, in the short term, some offices will be able to use them to boost their percentage net returns and, thereby, their apparent competitive position. Flow can an insurance hro-ker give "best advice" in these conditions?

Ivor Kenna, 72 Compton Street, EC1

Annual reports

From Mr Aubrey Wilson. Sir, "Annual reports 'not read." (FT, October 9) cites a study by the London Business School and Wolff Olins/Hall which shows that less than a third of recipients understood the contents of the reports and that few investors considered the reports to be useful.

I doubt if this news will stop the flow of lavish, over-designed, expensive documents which receive less than 30 seconds consideration before being dropped into the waste paper basket. If companies included a new item in their annual reports - the cost of designing, printing and despatching the reports - shareholders might attempt to call a halt to this wasteful annual corporate ego trip.

Aubrey Wilson, Aubres Wilson Associates, Communications House,

in interest rates. Deprive the market of balance of payments figures and the fuel for half the maintenance of the real value of money would achieve this. If people understood that speculation would be removed. This would allow currency purchases to be based on trade or investment requirements.

Fabian Finlay, 9 North Audley Street, WI

From Dr Anthony J. Berry. Sir. The rise in interest rates might act to flatten the wave of leveraged buyouts by bringing home yet again the risks faced by suppliers of debt to enterprises facing the possibilor the negotiation of excessive ity of falling margins. Highly geared takeovers, perhaps financed by junk bonds, basically enlist the wage claims would then have a

Chancellor as a sleeping part-ner in their campaigns for corporate cash flow. As an enterprise substitutes debt for

equity, there will be a reduc-tion in tax payments. Yet the ability of enterprises to shelter interest payments from the impact of taxes leads to inefficiencies in the capital

market. It would seem prudent for the Chancellor to consider adjusting his corporate tax policies to ensure that tax considerations do not unduly harm the chances of in situ management from continuing to manage efficiently.

In this way, takeovers could focus on the likelihood of an alternative management being able to manage the husiness in some better way. This would permit industrial logic to dominate "tax efficient" financial arrangements. Anthony J. Berry.

24 Leafield Road, Disley, Cheshire

Farming and other land use

From Mr G.E. Lee-Steere. Sir, The ideas reported in your two articles "Compulsory limits on cereals predicted" (October 3) and "Putting the environment out to contract" (October 10) could be profitably re-worked and combined. Rather than limiting produc-

tion, improvements in cereals production should be used to decrease their cost so as to feed the world more cheaply and

increase consumption.
The Country Landowners
Association (CLA) further proposes that farmers would, in future, earn more of their income from the provision of

Drinking and advertising From Dr P P Aitken.

Sir, in your letters column of October 10. Mr P. Mitchell. speaking for Guinness plc. gives a misleading account of my paper on advertising and under age drinking published in the International Journal of Advertising. He claims that its conclu-

sions are based only on limited research with 150 children. This is not the case. This initial exploratory research was followed by a quantitative survey of over 400 children. The paper also describes large-scale quantitative research in the US which also indicates that alcohol advertising reinforces youthful drinking.

Your readers should be aware that the alcohol industry's claim that advertising does not promote or reinforce drinking has been questioned by critics in the advertising industry. Bernard Barnett, a former editor of the industry's

land management schemes to a variety of customers, including government. President, CLA, 16 Belgrave Square, SW1

expect a sales increase, nobody seriously believes that it fails to affect overall volume." I am not opposed to alcohol advertising, nor would I advocate that it should be banned. I

try as a whole. P.P. Aitken, Advertising Research Unit,

University of Strathchude

journal Campaign, put it this way in Marketing (March 1983): I have never met an adman who would defend in private the public posture on tobacco and alcohol advertising. While it is true that many will argue that companies spend money in the media to protect their market share rather than to

am simply in favour of a reasoned and forthright discussion of the facts regarding its influence on consumption. Mr Mitchell's letter does nothing to advance our understanding. Nor does it do anything to enhance the credibility of his company or the alcohol indus-

of Spanish boquerones From Mr Gerald Long.

The bouquet

Sir, In "Roll out the anchovy barrel" (Weekend FT, September 23), Giles MacDonogh refers to what he calls the Spanish anchovy preparation bocarones (sic). Boqueron is the Spanish name for the fresh anchovy, frequently served fried. Filleted and prepared with vinegar, anchovies keep the name boquerones. Salted and in jars or tins, they

Mr MacDonogh speaks of "the tapas fad." This suggests that he does not like tapas, but his dislike does not make them a fad. French hors d'oeuvres fad? Turkish meze fad?

As anchovies used in meat garnishes are salted, it is difficult to see how their nae avoided the gabelle, as Mr Mac-Donogh suggests it did. In any event, the salt tax was introduced in 1246; why should the French wait 400 years for Col-houre to arrive before seeking alternatives? The Italians. without the tax incentive, seem always to have used anchovies in meat sauces, in vitello tonnato, for example

The use of fish to flavour meat, common in the East, in Europe goes back at least to the Roman garum, a main ingredient of which was rotting fish guts, including those of the anchovy, although mackerel guts seem to have been preferred. Garum seems to have survived into the 16th century. Rabelais mentions it, and Jean-Noel Escudier presumes that the provençal condiment called melet is its modern form.

vouring of English cooking. Jane Grigson reminds us that It is used in Melton Mowbray pork pies. It appears in recipes for steak and kidney pudding, never subject to the gabelle. Mr MacDonogh assumes that your readers know what an Algerian Fatima is. 1 do not. Collioure is surely in cisrather than trans-Pyrenean

Anchovy essence is a fla-

Catalonia attitudes that you do not require the same standards of accuracy and seriousness when writing about food that you apply to reporting the Stock Gerald Long, 15 rue d'Aumale 75009,

Paris

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Is it a reflection of English

without autopsy." Smoltsov died in 1953. Abak-Kremlin next week. For Nina Lagergren, who val system of any security ADVERTISEMENT **BUILDING SOCIETY INVESTMENT TERMS** Applied Het Interest rate net CAR paid Access and other details 10 75 10.75 Yearly £1,000 9,25 6,40 9.25 8.40 Tiered £10,000 7.90 £212 K+,6.90 £1+ cur.a/c Min.init. investment £500 inst. acci Bonus for no wibdowis inst. acci Bonus for no wibdowis

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Interest costs hit Pergamon AGB

By Andrew Hill

PERGAMON AGB, the market research company controlled by Mr Robert Maxwell, has decided to write off its outstanding £36m investment in Hollis Industries, the private

engineering group.

The company, which has an option over 42 per cent of Holhis's equity, also confirmed that higher borrowing charges had cut its first-half profits. Perga-mon AGB heralded the down-

turn last month.
Interim profits fell from £5.5m to £700,000 before tax, after interest costs increased more than five times to £20.4m (£4m). The £38.7m extraordinary charge, which includes closure costs, led to an attrib-utable loss of £36.6m, against a

profit of \$4.5m.
Earnings per share shumped from 4.1p to 2.9p. But Pergamon AGB declared an unchanged interim dividend of 1.5p, and said it intended to maintain its final dividend of 3p, in spite of the fact that full-year horrowing costs would be "substantially higher" than in 1988.

Hollis was a Maxwell subsidlary until July 1988 when management initiated a leveraged

THE NUMBER of potential rescuers for Talbex Group has

been narrowed to one. The con-

tract aerosol filler, whose shares were suspended at 6%p

on October 4, expecta to announce an equity injection

by an unnamed investor next

The package is unlikely to involve a full bid for the group, which was valued at £10.4m at

The investor is undertaking a thorough investigation of

tact with its lead banker, Royal

TVS Entertainment, the ITV

company hit by unexpectedly large losses at MTM, its US

production subsidiary, may still be significantly underval-ued, a broadcasting analyst

Miss Bronwen Maddox of

Kleinwort Benson Research argues that even cautious assumptions about syndication

sales of programmes by MTM.

which in the past produced Hill Street Blues and Lou

Grant, suggests values consid-

The price of TVS fell from 261p to 192p on September 21

when the company admitted

that losses at MTM would

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By Raymond Snoddy

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By Clay Harris

buy-out of its industrial operations. Pergamon AGB was formed from the remaining professional services business and a merger with market research group AGB.

During the first half of 1989 Hollis Industries suffered as interest rates climbed. It also failed to raise as much from a disposal programme as it had expected.

The write-off announced yes-

terday means Pergamon AGB's profit on the disposal of the Hollis industrial businesses has been cut from an expected £76.3m to about £20m. Pergamon AGB is itself near-

ing completion of a £100m disposal programme - it has raised £86.9m so far - aimed at reducing borrowings and concentrating the business on core market research activities. The group said so far it had realised capital profits of £40m which would appear as an extraordinary gain for the

Turnover in the first half rose from £125m to £142m and operating profits increased to £11.5m (£9.3m). Pergamon AGB said the market research and information business bad

Separately, it emerged yes-terday that Talber had been named as a co-defendant in a suit filed this week in US dis-

trict court in Philadelphia, although the UK company is only indirectly involved in the

issues at stake.

Advanced Medical, a Pennsylvania based distributor of

medical supplies and equipment, is suing Talbex as well as Bermuda-based Churchill

Ltd, in which Talbex has a 50

per cent stake, and Churchill Corporation, a US joint venture

mean TVS profits for the year would be less than the half

Although there is a high

degree of uncertainty Miss Maddox estimates that even

the present level of programme sales from the MTM library if

they are maintained until 1992 suggests a value for the group

of 250p a share.

TVS shares rose 8p yester-day to 187p.

On more optimistic assump-

tions the share price could be

Kleinwort says.
"The strength of the cash-flow at MTM does give TVS

more time and more options in

curing the problems than the

These Green P.E.

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year pre-tax figure of £13.4m.

Bank of Scotland.

Talbex to announce rescuer next week

TVS could be 'significantly undervalued'



Robert Maxwell: £36m Hollis investment written off but professional and employ-ment services returned lower profits than in the equivalent

Mr Maxwell's private vehicles increased their hold-ing in Pergamon AGB to 65.5 per cent of the votes earlier this week when they converted some loan stock into ordinary

which shares some beneficial

owners with the Bermnda com-

pany.

The action relates to alleged over-charging by Churchill Corp on supplies sold to Churchill Medical Systems, another

company which is jointly owned by Churchill Corp's two

shareholders, Mr David Evans and Mr Anthony Laughrey,

and by Mr John Sasso, president and sole shareholder of

A total of \$1.25m (£800,000) in

fall in profits might suggest,"
Miss Maddox argues. Because
of the imminence of auctions
for the ITV franchises in 1991
TVS will have to decide the
future of MTM by mid-1990.
The main options are
increasing library sales
sharply.disposal or a further

sharply, disposal or a further

Ironically if MTM is success

ful in getting more of its new

shows accepted for the US net-

THE FUTURE ownership of commercial radio in the East

Anglian region became even more complicated as Essex Radio intervened in the hos-tile bid by Broadland Radio in

Norwich for Suffolk Group

Broadland launched the bid

earlier this week for Suffolk,

which is made up of Orwell

Radio in Ipswich and Saxon

Radio at Bury St Edmunds. The bid values the combined

By Raymond Snoddy

Radio.

group at £11m.

cash injection.

sales is involved, according to which is owned by Mr Carl Stansfield, Talbex and Mr Laughrey.

Observers had hoped the Pergamon AGB disposal programme might be complete by the halfway stage. As it is, interest costs and doubts about the eventual shape of the group are likely to overshadow the full year. That said, Perga-mon AGB isn't entirely preoc-cupied with disposals, borrow-ings and the performance of ex-Maxwell subsidiaries: last week it announced the £12.6m acquisition of a consumer and retail research company, which shows Pergamon AGB is at least thinking positively about its core activities. However, analysts who once forecasted more than £10m in pre-tax more than £10m in pre-tax profits for the full year are now looking at something nearer £3m. The shares are on a prospective p/e of more than 12 and at 49p — down 1p yesterday — stand at their lowest point since the Hollis buy-out in July 1988. The group says the full effect of realignment will not be felt until 1991. Perhaps it would be kinder to the minority shareholders if Mr Maxwell just took the whole

Maxwell just took the whole

Talbex set up the Bermuda company in May 1988 in joint ownership with discretionary

trusts whose beneficiaries are relations of Mr Evans and Mr Laughrey. The UK group has one director on its hoard.

According to the suit, Talber's investment cost \$500,000.
Churchill Ltd buys medical

products, in particular specialised needles manufactured by Nissho of Japan, and sells them on to Churchill Corp.

which is owned by Mr Evans

works this will increase the medium-term financial squeeze, Productions are defi-

cit financed, network sales do not cover the entire costs and network shows need at least

three years before they go into

syndication and profits begin.

Kleinwort forecasts group pre-tax profits of £18.5m this year, compared with £28.1m, and estimates the range in 1990

Mr David Keddie, chairman of Essex Radio, said yesterday that he was seeking an early meeting with Mr Martin Corke, chairman of Suffolk, to try to

organise a merger of the two

The combination of the two

would create a strong and logi-cal East Anglian grouping.

This would ensure that the region has powerful and active representation in independent radio," Mr Keddie said yester-

ponding for dividend year

at between £18m and £28m.

Essex Radio intervenes in

DIVIDENDS ANNOUNCED

Dec 6

Current

payment

0.63

bid for Suffolk Radio

finance director.

Caird Grp launches £34.5m rights issue By Clay Harris

CAIRD GROUP, the rapidly calko GROUP, the rapidly expanding waste disposal operator, yesterday defied recent weakness in the stock market by launching a £34.5m rights issue. However, the call on shareholders appeared to be brave rather than reckless because it took the form of convertible preference shares and will enhance carnings per share by about 15 per cent.

share by about 15 per cent.

Mr Peter Liname, chairman, said the proceeds would eliminate. Caird's borrowings of nate. Caira's norrowings of 224m, on which it is paying interest at 16.5 per cent. By contrast, the 7 per cent net dividend on the preference shares would represent a total cost of 9.3 per cent.

Caird yesterday separately published an "environmental audit" of waste disposal sites.

audit" of waste disposal sites by Mott MacDonald, engineerny most macrionald, engineer-ing and environmental consul-tants. Caird said this was the first such independently com-missioned assessment of a UK waste disposal group's

operations.

The audit found that several The audit found that several sites taken over by Caird "were inherited with significant problems which take time to solve; leachate emissions at certain of the landfill sites afford good examples of this." However, substantial improvements had been achieved under Caird management, the under Caird management, the

report said. Nevertheless, Mott MacDon-ald urged Caird to document its environmental policy and distribute it to all staff and to consider appointing roving troubleshooters to ensure that all sites were brought up to a consistent level of operation. Caird should also introduce

a standard record-keeping sys-tem and institute its own mon-itoring policy, the report said. It noted that most of the rec-ommended improvements were not yet required by statu-tory authorities.

Mr Linacre said the excess

proceeds of the rights issue would be applied to continued capital investment, including a £10m industrial waste treatment facility on Teesside.

Another fam will be spent on expanding incineration capacity at Glasgow, upgrading the combined incinerator and steam generation plant at Runcorn and developing waste treatment facilities at Hull and Middlesbrough.

Caird's spending programme anticipates the application of more stringent environmental legislation. The company also wants to be among the first operators in the still-frag-mented industry to gain advantages of economies of

Caird is offering two convertible preference shares at 100p for every ordinary share heid. On full conversion, between 1993 and 2009, the new ordinary shares would represent 27 per cent of the enlarged total. The conversion price is 535p, compared with yesterday's market price of 475p, down 16p.

LWT dividend

Under the new LWT proposals, announced on Thursday, shareholders will receive a gross dividend of 80p plus either cash or loan notes worth 50p, for each share held; this compares with the 150p proposed originally. They will also get one preferred share, fully listed, in the reorganised group for every existing LWT share. In yesterday's Financial Times, a paragraph was inad-vertly cut, giving the impres-sion that shareholders merely receive 80p.

Dividends shown pence per share net except where otherwise stated, Equivalent after allowing for scrip issue. 10n capital increased by rights and/or acquisition issues. \$USM stock. \$Unquoted stock. \$Third **NEWS DIGEST**

Ambassador rises

bers among its board Mr John Stalker, the former Deputy Chief Constable of Greater Manchester, has increased taxable profits by 50 per cent in the first half of 1989.

There is no interim dividend.
The company said that the expansion of the capital base through the USM placing had relieved the burden of finance costs endured during the first half. The year's results would

13% ahead

Earnings per share worked through at 1.19p (1.07p) after tax of £202,000 (£163,000). The interim dividend is lifted to

Gross revenue amounted to £1.03m (£948,000), while managsment expenses took £104,000 (£87,000) and interest payable was £185,000 (£291,000).

Year

4.5

Beradin halved at midway stage Beradin Holdings, rubber and

paim oil producer, saw interim pre-tax profits halved in the six months to June 30. They fell from £254,000 to £114,000, while turnover shed £101,000 to £274,000 £374.000. This time there was a currency exchange loss of £17,000 (gain £12,000) and cost of sales

falls into red

Headlam Group saw pre-tax profits fall from £566,000 for the corresponding five-month period to £388,000, partly the cause of an exceptional loss of

£128,000 (£12,000). This time's exceptional loss relates to the cost of the departure of a direc-

nomic downturn the company remained confident for the future. Acquisitions were still being pursued and the board was optimistic that this policy would enhance prospects.

but at the trading level profits declined to £516,000 (£578,000). After tax of £136,000 (£187,000). earnings per share emerged at 3.4p (3.9p) before exceptional items. The interim dividend is maintained at 0.75p per 5p

Padang Senang Holdings, the rubber and oil palm producer, slipped into the red in the first half of 1989, falling from profits of 538,000 to losses of 55,000.

£7,000 to £15,000. Income from fixed asset (£20,000).

2279,000 to £220,000. Losses per 10p share were 0.11p (earnings

Aitken Hume back in the black with £1.45m

By Jane Fuller

AITKEN HUME International, the financial services group which has had its fair share of boardroom drama, made a pre-tax profit of £1.45m for the six months to September 30, marking a recovery from the £1.87m. loss it made in the last full

The company, which is headed by Mr Jonathan At-ken, made the money on a reduced turnover of £8.87m, about 13 per cent less than for the corresponding period last

Then £689,000 was made on turnover of £10.28m. But the rot had set to well before that, with profits tumbling from a height of more than 27m for the year to March 1987. Mr Aitken said the turn-

round had followed the sale of two serious UK loss makers, the Sentinel life insurance and unit trust businesses, for a total of £14m, and the "major slimming down" of the US fund management company, National Securities & Research Corporation.

NSR had been moved from

expensive offices in Manhattan to Greenwich, Connecticut, and its staff halved to about 110. A back office problem had also been solved.

The measures had elimi-nated Aitken Hume's borrow-

"Simplification, learness and meanness," had been the watchwords, said Mr Aitken, and the company's decision not to pay an interim dividend was

a sign of "prudence."
Pursuing these themes, the company was continuing to sell property and looking to cut corporate overheads further.
An example of the latter is the decision not to replace Mr Emmanuel Olympitis as group chief executive after his depar-ture last month. He had replaced Mr Tony Constance, who left in May 1988 after a

board room disagreement.

Mr Aitken, who is a journalist and has interests in other companies as well as being a Tory MP, said his new role as greening about the companies. executive chairman was "fairly

Fig was looking forward to "quiet and prosperous times" now that the three core businesses — fund management to the US, banking in the UK and financial services in the Chan-nel Islands — were profitable. "Aitken Hume is in a sensi-

ble structural shape. Its three core businesses all have their own accounting systems and chief executives." For the head office a straightforward coordinating role was all that was Among the divisions, NSR was the jewel in the crown, contributing more than film (584,000) to the interim operating profit (before corporate costs). The Channel Islands business also saw a healthy increase to 2693,000, while banking was virtually static at

COMMENT

It may be that Aitken Hume is now in shape to be a successful small company, but that is small consolation for shareholders who have been in there since the heady days of 1986 and 1987 when the shares hov-ered between 140p and 180p. ered between 140p and 180p. Yesterday they put on 4p to close at 55p. Analysts tend to turn up their noses at the company these days, dredging up the history of management upheaval going back to a 1985 rift between Mr Airken and his cousin Timothy. Another source of ruffled feathers is the memory of Tranwood's failed hid in 1986, which seemed to demonstrate that the company was bid proof because, under demonstrate that the company was bid proof because, under US law, a change of control at NSR would jeopardise the jewel'a contracts. A sensible sounding forecast, but one which assumes a restoration of the state of the sensible of the sen when assumes a restautation of credibility, is for Aitken Hume to make £3m for the full year, giving earnings per share of 4.5p and a multiple of about 12 on yesterday's price.

With United, holders feel BA can lead the first division

Clay Harris witnesses the UK airline's yes vote

OR THE price of six new 747s, as Lord King put it with his demotic touch British Airways shareholders yesterday approved the com-pany's \$750m (£452m) participa-tion in the proposed employee and management buy-out of United Airlines, the second largest US carrier.

On a show of hands, only

Making the case for the investment, and the associated figure in the associated figure in the capital bonds, BA's chairman said: 'In the future there will be only two kinds of airlines, the hig global players and the small niche carriers.

We want British Airways to be the leader of the first division."

The success of the consortium's \$6.8tm bid now depends
on the response of sharebolders in UAL, United's parent
company, to the \$500-per-share

a precedent for other deads,

the response of the consortium's \$6.8tm bid now depends
on the response of shareboldcompany's belief that "over a morning and I didn't like it,"
five-year period, the totaltime shareholder said.

tender offer and on clearance of BA's role by the US Depart-ment of Transportation. After yesterday's extraordi-

nary general meeting, Sir Colin Marshall, BA chief executive, said the US authorities had not woiced specific objections to the structure of the UAL bid, which would give BA a 15 per cent stake in the buy-out vehicle. They had only asked questions, which had been answered. Moreover, Sir Colin said, the uthorities had indicated that

they did not consider their decision to require the Dutch airline KLM to reduce its participation in the takeover of Northwest Airlines to have set a precedent for other deals.

Mr Derek Stevens, BA

experience in buying a US company, Lord King replied: "We wouldn't be doing it if we hadn't had due regard for due diligence. How could I tell you that there's not a skeleton somewhere? It can't be very hig because we've had a good

be in excess of 20 per cent per

To Mr William Hill, a share-

holder who asked whether BA

was concerned about Ferranti's

Lord King also said he would review meeting times after a shareholder complained that the 9am start of the extraordinary meeting made it difficult for investors from outside Lon-don to attend and impossible for pensioners to use their con-

M&G single premium business rises

By David Barchard

M&G ASSURANCE, the life assurance and pensions subsidiary of the M&G Group, yester-day reported a substantial rise in its single premiums business in the year ended September 30, but a drop in new annual pensions.

New annual premiums were

E10.7m compared with £22.1m, of special factors in 1988 a while single premiums were £174.8m (£98.4m). Mr Alan Oddie, managing

director, said that the 75 per cent increase in single premiums was very encouraging.
The downturn in annual premiums was largely the result

change in tax rules on pen-sions produced an upsurge of business in order to beat a qualifying date. No underwriting profit was

announced at this stage. It is due to appear with M&C'a full results in December.

COMPANY NEWS IN BRIEF

comprises the Steriseal and

new ordinary shares. LINCOLN HOUSE: Of the

LINCOLN HOUSE: Of the recent placing and open offer of new ordinaries shareholders subscribed for 1.23m shares (24.1 per cent). The remaining 3.87m shares will be taken up by the placees.

MEDMINSTER: Offer by Expedict Leisure has been declared.

dier Leisure has been declared unconditional in all respects,

owning or having received

owning or having received acceptances in respect of 6.45m shares (84 per cent). The cash alternative, which was taken in respect of 5.42m shares, is now closed and the offer is extended until further notice. MERGER CLEARANCES: The proposed acquisitions by Bridon of assets of Bridport Gundry — namely Halls Barton and Overton Brothers Wire Ropes — and by Glynwed international of Albion Cylinders are not to be referred to

ders are not to be referred to the Monopolies and Mergers

NORFOLK HOUSE Group has sold properties, including 25 petrol filling stations and 14

roadside restaurants and hotels, to major oil companies and caterers. Proceeds of

£36.25m will be received over

an 18 month period and include £10m of construction

work for the building

RELIANT GROUP, through its

ASSOCIATED BRITISH Ports Holdings offers for Southampton Isle of Wight and South of England Royal Mail Steam Packet (Red Funnel) have been declared unconditional. ABP now owns or has received acceptances in respect of 5.29m (51.97 per cent) Red Funnel

AVIS EUROPE: Offer by Cilva declared unconditional in all respects. Associates of Cilva own 39.04m Avis Europe shares and Cilva has received accep-tances in respect of a further 98.8m Avis Europe shares representing a total of 92.2 per BORTHWICKS has disposed of

a former abattoir in Bedford that has been redundant for three years, for £1m cash, yielding a profit of more than £700.000.

BRITISH FITTINGS has acquired Martin J Storey, a maker of hot and cold water pressure washers, for an initial \$1.29m, payable in shares, with any further payment profits related. Storey made pre-tax profits of £232,264 in the year ended January 31 1989 and had met assets of £680,481 at that BROADCAST COMMUNICA-

TIONS has acquired a control-ling interest in Medital Production for £115,000. Meditel specialises in television pro-grammes on science, medicine and general health issues. CAPITAL AND COUNTIES: Transatlantic Holdings has increased its holding to 99.07m ordinary (75.17 per cent). Conduit Insurance, First International Trust, Liberty Associa-tion of Africa and companies in the Liberty Life Group should be taken as interested in the above shares. Pursuant to an option agreement made hetween Transatlantic and Pearson, Transatlantic should be taken as interested in 9m ordinary shares in Canital and Counties which are registered in the name of and beneficially owned by Pearson. COATS VIYELLA has sold

Coats Viyella Medical, which

newly formed subsidiary Reli-ant Marine, has acquired Jetwave, a designer and maker of boats and water sports prod-Rotax businesses, to Pharma-Plast Holdings, a subsidiary of Pharma Plast International. Proceeds which included repayment of inter-group debt, ucts. The plant and equipment to manufacture Jetwave prodtogether with a dividend ucts have been bought for received prior to sale, release a £60,000, while in addition, Relitotal of some £12m to company. EVANS HALSHAW has been ant is buying stock and compo-nents to the value of £200,000, payable in two equal instalgranted its first Toyota franchise with the acquisition of Stavordale garages in the Wir-ral, Cheshire, for about

RENTOKIL GEOUP has acquired the interior division of Edmund M Haden of Chi-2355,000 in cash. GRAHAM WOOD has purcago for US\$200,000 (£128,700) chased two small specialist staff recruitment agencies -Bee Professional Staff (of STEEL BURRILL JONES Brighton) and Gordon FJ Bet-teridge (of Cobham, Surrey) – for an aggregate 2262,000, including the issue of 46,478

Group is acquiring the 25 per cent minority interest in its subsidiary Robert Major from Mr Robert Major for a consider-Mr Robert Major for a consideration to be satisfied by the issue of 42,735 new ordinary. TIOXIDE GROUP has approved an expansion of the titanium pigment plant operated by Tioxide Espans in Heulva, southern Spain. The expansion will increase capacity by 20,000 tonnes to 80,000 tonnes per year by early 1991. TRUSTHOUSE FORTE has disposed of its 450-bedroom Skyposed of its 450-bedroom Sky-way Hotel at Heathrow to Edwardian Hotels.

UNIT GROUP has acquired Paramount Sheet Metal Works (London) for £730,000 via the allotment to the two vendors of 144,826 ordinary shares and the issue to one of the vendors of an unsecured debenture for £170,090. The balance of the consideration is in cash. VICTORIA CARPET HOLD-INGS' shareholders have INGS' shareholders nave approved the acquisition of Westwood Yarns. The initial purchase consideration was £2.1m, satisfied by the issue of \$56,000 ordinary shares to two of the vendors, a £223,874 unsecured loan note and the payment of £1.25m in cash, Furment of £1.25m in cash. Fur-

ther profit related consideration of £971,700 may become payable to three of the vendors. Last year Westwood made a pre-tax profit of 2399,000 on turnover of £4.2m and had net assets of £1.47m at the end of the period.

TRADITIONAL OPTIONS

a Assumatised dividentals Pigeres based on protonome estimates. Il Dividend rate paid or prepatio on or based on divident or full capital a Assumed dividend and yields Dividend and yield exchade su reast, or estimated annualised dividend rate, cover based on previous year's membres. Il Dividend a spectos or other official estimates for 1909. No fividend and yield based on prospectus or other official estimates for 1909.

First Dealings Last Dealing

Last Declarations For rate indications see end of

Calls in Altken Hume, Ametra Alten Hume, America, AT Trst, FKI, Control Secs, Coa-tain, Elect Machine, Ferranti, HK & Shanghai Bk, Hyman, Jaguar, Medirace, Pricet B Grp, Regent-crest, Ryan Hotels, Sc & New, Sun Life, Tuskar, Utd Newsp

50% to £272,000

Ambassador Security Group, which gained a quote on the USM to July and which num-

From £182,000 last time, the group achieved 2272,000. Turnover was raised to £960,000 (2649,000) and earnings worked through at 2.35p (1.65p) basic and 1.91p (1.34p) fully diluted. reflect the full benefit

London Atlantic

For the half-year to September 30 London Atlantic Investment Trust achieved a 13 per cent increase in pre-tax profits from \$587,000 to \$743,000.

rose to £229,000 (£207,000). Although distribution costs fell 24,000 to 229,000, administra-tion costs grew to £33,000 (£24,000). Interest receivable more than doubled to £35,000 (£15,000).

After tax of £44,000 (£125,000), earnings slipped to 0.47p 0.87p).

Headlam profits in interim fall

The board said that in spite of the obvious signs of an eco-

Turnover in the period advanced to £11.9m (£10.76m)

Padang Senang

This was despite a doubling in receivable interest from

investments dropped to £4,000 Turnover was down from

MARKET STATISTICS

ECONOMIC DIARY

TODAY: Informal meeting of back to multi-party democracy. European Community Foreign The Institute of Economic Affairs European Community Foreign Ministers at Chateau d'Esclimont, near Chartres (until October 15). American Bankers Association convention in Washington (until October 18). South Africa's big-gest Labour federation due to hold marches nationwide, protest-ing against new labour laws. TOMORROW: National Savings results (September). Mr Robert Mugabe, President of Zimbabwe, visits Japan (until October 17). MONDAY: CBI/FT survey of distributive trades (September). Import penetretion and export sales retios for manufacturing industries (first quarter). Index of output of the production industries (August). Retail sales (September-provisional). European Community transport council meets in Luxembourg, Financial Times holds conference "Re-regulating Europe's financial sec-tor" at Hotel Inter-Continental, London, Internetional environmental conference in Sofla. Con-terence on East-West economic relations in Malente (epeakers include West German Economics Military House and Military include West German Economics Minister Haussman and Ministers from Hungary and the Soviet Union). Mr Roh Tae-woo, President of South Kores, starts three-day visit to Washington: he will hold talks with Mr George Bush, US Preeldent, on October 17. Launch of new consortium creating sational newhors pathwork. ing national psyphone network.
TUESDAY: Public Sector BorrowIng Requirement (September). European Community research council meets in Luxembourg. Britain and Argentina meet in Madrid to discuss the possible restoretion of diplometic ties (until October 18). Hungarian par-liament due to pass laws on par-ties end elections to lay framework for the country's transition

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seminar "Capital geins — Tax philosophies in conflict" in Lon-don. House of Commons returns from summer recess. Mr Norman Fowler, Employment Secretary, leunches Oracle armchair job

search service. WEDNESDAY: European Community economic/societ council meets in Brussels (until October 19). Meeting of Commonwealth leaders in Kuala Lumpur (Until October 24). Mr Felipa Gonzalez. Prime Minister of Spain, visits Washington (until October 20). Channel Tunnel construction com-THURSDAY: Labour market statis vecanciee (September-provi-sional); average samings Indices (August-provisional); employment, hours, productivity-and unit wage costs; industrial disputes. Provi-sional figures of industrial pro-duction (September). Institutional investment (second quarter). Lon-don and Scottish banks monthly statement (September). Provi-sional estimates of monetary statement (September). Provi-sional estimates of monetary aggregates (September). Mr Nige Lawson, Chancellor of the Exche quer, to address bankers at Man-sion House dinner. West African economic community holds min-isterial meeting in Cotonou (until October 21). Sir James Goldsmith gives Adam Smith Institute lec-ture, Queen Elizabath Il confer-ence centre. Mr Tadeusz Mazo-wiecki, Polieh Prime Minister, begins two-day visit to Italy and the Vatican. FRIDAY: Preliminary estima

consumers' expenditure (third quarter provisional). Engineering sales and orders at current and constant prices (August).

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FIRMORAL ADTIQUE EVOLANGE

TOTAL VOLUME IN CONTRACTS: 53,008

A-Ask B-Bid C-Call P=Part BASE LENDING RATES

> Comm.Bk.N.East.

Cyprus Popular Bk ... Dumbar Bank PLC

	ABN Bank
1981	ADD DAIR
	Adam & Constant
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PLC 15½

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Unity Trest Bank Plc

Members of British Merchant Banking & Securities Houses Association, "Deposit new 5.9% Sampice 8.5%. Top Her-E10,000-instant zeress 12.8% & Mordgage base rate, § Demand deposit 9%, Mortgage 14.25%, - 15%

This Wed Oct Oct 12 11 Year ago Friday October 13 1989 Highs and Lows Index Est. Grass Est. Earnings Div. P/E xd adj. Day's Yield% Yield% Ratio 1989 Change (Max.) (Act at (Net) to date % index Index No. tndex No. No. % 12.34 4.68 -6.3 15.64 5.35 17.14 5.36 775.54 3 [1 939.06 3 [1 4.68 9.92 26.63 899.23 891.14 896.42 818.51 1012.97 8.31 34.89 1034.89 1033.10 1039.96 1026.79 1267.14 29/5 7.62 48.87 1423.76 1416.02 1435.64 1615.18 1801.66 14/3 44.27 11/12/74 71.48 2 /12/74 1361.68 16/7 (67) 1416.02 11/10 2294.30 3 /1 1951.50 16/7 /87 3040.80 8 /9 /89 2308-22 19/5 /89 1229.01 8 /10/85 17/6.44 3 /1 406.34 3 [1 452.62 3 [1 558.05 20/7 /89 596.67 9 /10/87 258.24 5 /1 1311.43 3 /1 411.42 13/18/87 1881.53 18/8 /89 1417.92 4 /9 /89 1016.74 3 /1 926.04 3 /1 1228.42 4 /9 /89

2 Building Materials (29) 1031.93 3 Contracting, Construction (37), 1425.76 1228.42 4 79 (89) 2722.30 5 79 (89) 2772.31 4 79 (89) 1845.77 8 79 (69) 739.48 1617 (87) 1784.64 3 /1 1778-20 3 /1 1346.22 5 /1 523.08 5 /1 5236.76 4 /1 679.97 5 /1 5070.66 5 /18/87 1160-58 29/7 /87 914-52 2 /10/87 1225.60 5 /9 /89 | 58.63 1795.57 17/7 /87 | 870.35 1545.46 5 /18/87 | 71.28 49 INDUSTRIAL EXQUP (485) 1151.70 -0.1 18.06 4.07 12.25 27.19 1153.00 1163.39 1146.02 975.00 1273.71 5 /9 935.74 5 /1 1273.71 5 /9 /89 59.01 13/12/74 59 See Share Index (500) 1240.40 -0.1 10.03 4.22 12.40 32.04 1241.97 1232.37 1233.89 1041.38 1355.68 5 /9 1062.81 1 /1 1349.88 16/7 /87 / 63.49 13/12/74

FT-ACTUARIES SHARE INDICES

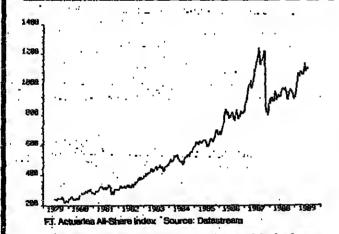
These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

217	FIXED INTEREST					AVERAGE GROSS	Fri	Thu	Year ago	19	89
FIZ	YED !	RIE	LESI			KEDEMPITON TIELDS	REDEMPTION VIELDS Oct 13		(approx.)	High	Low
PRICE INDICES	Fri Oct 13	Day's change %	Thus Oct 12	xd adj. today	xd adj. 1989 to date	British Gavernment 1 Low 5 years 2 Coupons 15 years 3 25 years	9.73	9.72		18.48 11/28 9.76 14/6 9.59 14/6	8.88 9 /2 0.77 9 /2 8.73 16/2
British Government Up to 5 years 5-15 years Over 15 years 4 Irredeemables	115.93 129.47 138.64 161.20	-0.03 -0.04 +0.05	115.94 129.76 138.69 161.11	0.25 -	12.60 8.83	4 Medium 5 years 5 Coupons 15 years 6 25 years 7 High 5 years 8 Coupons 15 years 25 years 27 years	11.25 10.18 9.70 11.37 10.32 9.86	11.20 10.09 9.69 11.33 10.31 9.85	10.05 9.48 9.15 10.14 9.64 9.24	11.33 14/6 10.28 14/6 9.81 14/6 11.44 14/6 10.49 14/6 9.99 14/6 9.63 13/10	9.96 8 /2 9.21 8 /2 8.85 17/2 10.13 8 /2 9.41 8 /2 8.99 27/1 8.68 15/3
Index-Linked 6 Up to 5 years 7 Over 5 years 8 All stocks	136.65 235.67	+0.02	136.63 135.64 135.60	- - -	2.79 2.89 2.86	Index-Linked 22 laflation rate 5% 12 inflation rate 5% Over: 13 inflation rate 10%	yrs. 3.20 yrs. 3.55	3.21 5.55	3.78 1.90 3.60	4.10 13/10 3.84 5 /6 5.30 2 /6 3.67 5 /6	2.75 21/8 3.41 21/8 1.91 21/8 3.23 21/8
9 Bebestures & Luans	108.74	-0.06	163.81	=	8.26	15 Behr & 5 year 16 Laams 15 year 17 25 year	12.49	12,48	11.18	13.51 5 /10 12.49 13/10 11.83 13/10	11.47 30/1 11.19 1/2 10.66 27/2
O Preference	87,67	-0.03	87.70		4.71	18 Preference	10.54	10.54	10.11	10.54 11/10	10.00 17/

FT-SE 180 SHARE INDEXA 2233.9 -3.9 2247.8 2232.1 2237.8 2218.8 2218.8 2247.8 2277.5 1840.6 2426.8 5 79 1 2782.8 3 71 2443.4 16/7 /87 986.9 23/7 /84

#Opening Index 2232.6; 10 am 2240.6; 11 am 2242.3; Noon 2237.7; 1 pm 2242.0; 2 pm 2238.3; 3 pm 2241.0; 3.30 pm 2242.8; 4 pm 2241.6 (a) 10.41 am (b) 9.07 am Equity section or group Equity section or group Base date Base value Base value Equity section or group Base date Base value Base | Appendix | Appendix

EXPERT ADVICE EEKS



£200,000,000

Floating Rate Notes Due 1994

Interest Rate: 15.3/8% Interest Period:

13 October, 1989 to 15 January, 1990

Interest Amount per £5,000

Note due 15 January, 1990: £197.98

Interest Amount per £50,000 Note due 15 January, 1990: £1,979.79

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IC Stockmarket letter



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& SUB-SECTIONS

number of stocks per section

No.



PROFITS UP 40%. **ANOTHER POSITIVE STATEMENT** FROM T.L.P. EUROPE.

Our core business of trailer rental has shown a significant increase in profit, maintaining our position as Europe's leading trailer rental company...four acquisitions contributed significantly to our growth and marked our first steps towards building a broadly-based group of complementary businesses in the European rental and leasing industry. Jim Cleary, Chairman

Full year results, 1989 (unaudited).

* Turnover up 65% to £54.9m

* Operating profits up 59% to £18.5m

* Profits before tax up 40% to £12.7m ★ Oividend per share up 19% to 5.0p

* Four major acquisitions * Trailer fleet nearly doubled to

over 18,000 * Branch network nearly doubled to 74

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LDC loss

provisions

hit First

Chicago

By James Buchan

US MONEY-CENTRE banks

continued to leak red ink yes-

terday as First Chicago, which ranks about 13th in the nation, announced a loss of \$23.3m in the third quarter as

it made new provisions against losses on its Third World leans.

But Mellon Bank of Pitts-

But Mellon Bank of Pitts-burgh, once one of the indus-try's more troubled operations, reported net prof-its of \$63m for the quarter. The First Chicago loss was caused by a \$200m provision against its Third World loans and was broadly expected. The provision leaves First Chicago cushioned against losses on fully 79 per cent of its

tuly 79 per cent of its medium- and long-term loans to troubled Third World countries, ahead of all the other big US banks heavily involved in developing country leading

developing country lending, except J.P. Morgan.

But the provision plunged the bank into a loss of \$23.3m for the quarter and clipped net income at the nine-month

stage to \$235.8m or \$3.26 a share on a diluted basis as

snare on a chieven basis as against \$375.8m or \$5.91 a fully diluted share in the first nine months of 1988. Despite the loss, First Chi-cago said it was well enough

capitalised not to need to sell new shares. With yesterday's

move, First Chicago joins Mor-

gan and the Bank of New York in being able to reserve heavily against its Third World loan book without need-

In contrast, Manufacturers

Hanover, Chase Manhattan and Chemical Banking have

all said they must raise new capital to fill the holes left by

in New York

Dresdner Bank to acquire majority of French bank

By Halg Simonian in Frankfurt and George Graham in Paris

Germany's second-biggest financial institution, has made its long-awaited push into the French banking market by agreeing to bny a majority holding in Banque Internation-ale de Placement (BIP) from Societé Generale.

The German bank is paying some FFr528m (\$82m) for an opening stake of just under 33 per cent in BIP, representing a price of FFr1,015 a share. Société Générale has also agreed to sell a further stake of just under 31 per cent at the same price between January 1 1990 and September 30 1991, subject to French government

Dresdner Bank, which expects to gain a majority stake early next year, will also have the right to bid for the remaining share capital, some 36 per cent of which is broadly held. However, current plans are not to raise its holdings to over 75 per cent in order to

quotation, said an official. BIP, which was founded in 1979 by Societé Générale and Midland Bank, was one of France's first specialist arbitrage and treasury management banks.

The bank has become one of the most prominent and profit-able institutions in that market, with net profits of FFr141.5m last year on total assets of FFr18.2bn. Earnings this year are expected to reach

Both BIP's founders have reduced their stakes as its activities have increasingly overlapped with their operations. Midland sold its shares progressively from 1985, while the Société Génerale group now owns some 49 per cent of the equity.

Dresdner Bank, which already owns Banque Venve Morin-Pons, based in Lyons, has for some time been looking for a further French acquisi-

DRESDNER BANK. West maintain BIP official share tion as part of its European expansion strategy.

> Though the bank has lagged behind Deutsche Bank, its big-ger domestic rival, its latest step represents an important expansion of its well-regarded treasury and arbitrage activi-ties. In particular, BIP's presence on the Paris options and futures markets will add to Dresdner's existing operations at Liffe in London and the planned German futures

> By contrast, Deutsche Bank, which last week opened a Paris mergers and acquisitions office, has so far failed to find a major purchase to its taste. Rumours earlier this week that it was sniffing at Banque Indo-suez were strongly denied by both sides. Meanwhile, one British clearing bank and sev-eral Spanish financial institutions are thought to be very interested in French pur-

Mitsukoshi advances 19.3%

By Robert Thomson in Tokyo

MITSUKOSHI, Japan's leading department store operator, reported a 19.3 per cent increase in pre-tax profit to Y6bn (\$41.8m) for the first half to end August, after a lift in sales of luxury goods and women's high fashion

As with other leading Japa-nese department store chains, Mitsukoshi has been renovat-ing many of its stores to enhance its image for quality, important in attracting Japanese consumers. The company's sales rose 11.5 per cent in the period to Y377.48bn, with paintings, precious metals and

STOCK in AMR, the company

which owns American Air-

lines, rose sharply yesterday morning, amid reports on Wall

Street that senior managers

are planning a counterbid to

the \$7.5bn offer for the airline

from Mr Donald Trump, the New York businessman.

\$101% in early trading yester-

responded to reports that management had held talks with

forces to buy the airline, which is the largest in the US. Mr

Robert Crandall, chairman of

the Dallas, Texas airline com-

pany, is also believed to have

met a prominent local busi-

nessman. Mr Robert Bass.

CHANGES

day, as the stock market

Shares in AMR rose \$3% to

By James Buchan

jewellery.

Mitsukoshi expects that pre-tax profit for the full financial year to end February will be Yl5bn, a 6.9 per cent increase, on sales of Y780bn, a rise of 9.5 per cent.

Capital expenditure, which rose 22 per cent among the leading companies in the industry last year, has increased as Japanese shoppers have lost inhibitions about buying on credit, and as the stores have realised that atmosphere is influential in determining purchases.

 Daimaru, an Osaka-based department store chain, reported a 5.6 per cent increase

about a possible involvement

American could not be reached for comment yesterday

morning about the flurry of

rumours on Wall Street. But

some professional investors believe that Mr Crandall, a hard-driving executive who has

run the airline with great suc-

cess since 1980, may be planning to assemble managers;

employees and outside inves-

tors to buy the airline in a deal

United Airlines, now in its

final stages. The New York Times

reported yesterday that Mr

Crandall had considered a pos-

sible buy-out after the board of UAL, which owns United Air-

Change Year on week ago

Latest

in the deal.

in pre-tax profit to Y4.3bn for its first-half to end August, on a rise in sales of clothing, furniture and sundry luxury goods. Total sales rose 7.8 per cent to Y273.9bn, and the company expects pre-tax profit for the full year of Y8.5bn, up from last year's Y7bn.

 Sogo, a department store chain which has just confessed an interest in buying Saks Fifth Avenne, the US store, reported a mid-term profit to end August of Y4.3bn, up from Y3.8bn for the same period last year. It expects a full-year profit of Y9.7bn, np from Y8.8bn last year, on sales of Y288.5bn, a rise from Y262bn.

This was fully three weeks

before the surprise offer from

Mr Trump, a well-known real estate developer and casino

operator who recently bought Eastern Air Lines' shuttle

have been worried that United

because its pilots have prom-

ised to forego \$250m in wages

and benefits every year to help

finance the buy-ont. There

were reports yesterday that Mr

Crandall wants to involve all

LONDON MILTAL EXCHANGE

the main unions in an Esop.

Turnover 16 (127) lots of 3,250 kg

184.00 101.50 181.00 179.00 178.00 178.25 174.75 177.75 189.50 167.50 181.75 160.00

161.78 179.50 178.25 171.79 167.50 163.50 161.75 160.00

Nov Dec Jan Feb Mar Apr May Jun

 a tonna unless otherwise stated, p-cence c-cents/lb. r-ringgit/kg, y-Oct/Nov. x-Oct/Dec.

-Jan/Mar. v-Bep/Oct. w-Oct. q-Nov. z-Jan/

change from a week ago. YLondon physical

180.00 177.50 175.75 171.00 196.75 162.50 160.00

Mr Crandall is believed to

operation.

Mellon, which reported its fourth consecutive profitable quarter after a troubled period in the mid-1960s, said it had net income of \$53m or \$1.16 a AMR stock up on rumour of counterbid share in the third quarter, against a loss of \$166m in the 1988 third quarter when the lines, last month approved a deal to sell the airline to manbank incurred big reorganisaagement, an employee stock ownership plan (Esop) and British Airways of the UK.

ing new capital.

the provisions.

At the nine-mouth stage, Mellon reported net income of \$204m or \$3.41 a fully diluted share, against a loss of \$113m in the first three quarters of

Volvo truck rethink

VOLVO, THE Swedish motor and energy group currently in ault of France, is considering moving middle-weight truck production from Belgium to the US, Reuter reports. Volvo's long-term goal is to be as close

Air-India puts on a fresh face

Gita Piramal on the changing fortunes of an international airline

With ethnic chic giving way to crisp western lines, naturally the way to crisp western lines, naturally the maharaja had to buy himself a

In fact Air-India and its

maharaja mascot have treated themselves to an entirely new Rs577m (\$34m) wardrobe. Air-India's new livery and logo, freshly painted aircraft displaying a crimson dash emblazaned with a golden sun, will all be displayed for the first time tomorrow in Bom-

hay.

Naval aircraft flying over the Arabian Sea will kick off a dramatic air show. Six air force fighter jets will then escort Air India's latest acquisition, the "Rajendra Chola" (a Boeing 747), as it encircles the bay, flying at a height of 600 ft. flying at a height of 600 ft.

The show has been primarily staged for a galaxy of India's glitterati who will view it from a nearby skyscraper. For its personnel, Air-India's manage-ment are organising a rock show featuring India's local madonna look-aike.

But even before the two pageants start, rumbles of discontent are sounding a discordant note. The airlines employees' union, one of the eleven unions which the airline's 16,000 employees support, has called on its members to boycott the programme.
Labour problems have been

Air-India's biggest headache for more than two decades. And one which Mr Rajan Jetley tackled immediately after his appointment as Air-India's managing director in March 1987. Within weeks it was open – if undeclared – war between the tough executive and all 11 Air-India

Redncing perquisits and making changes affecting work-styles are "among the most impleasant tasks I have



Air-India's latest Boeing 747 sporting the airline's new livery

ever undertaken", says Mr Jetley. But it was a question of the company's survival, he

A flash-point blew up in Sep-tember 1988 when first-class travel facilities for several grades of airline personnel were cancelled. The instant revolt led to the cancellation of

more than 100 flights.
In January this year when 20 pilots simultaneously reported sick, the management issued individual notices asking why their actions should not be treated as an illegal strike.

A key issue concerned nonstop flights of beyond nine
hours. Pilots, cabin crew and
engineers resisted the extension of their duty hours.

The management, deter-mined to introduce long-haul flights, were adamant on the ssue. Without non-stop flights between New York, London, India and the Far East, the air-line, Air-India argued, had no hope of attracting higher margin business.

in the labour courts, newspapers and parlia-ment, ended in March this year when both sides reached a compromise which ushered in an era of guarded rapport.

But perhaps Air-India's efforts to upgrade have been most successful on the fiscal front. In the year ended March 1989, a loss of Re434m was converted into a net profit of

Total revenue last year was Rs12.05bn and the airline's yield per passenger shot up by 23 per cent despite a marginal drop in the number of passen-

gers carried.
Inevitably – this being India
– the the airline's accounts have invited rumours of financial sleight-of-hand, an accusa-tion which Mr Jetley strongly denies. The turnaround is the result of increased operational efficiency and a better product,

"On certain routes we have saved over 1400 flying hours. This means a direct saving of Rs100m, says Mr Jetley. He points to other behind-thescene improvements including ferrying more cargo, charters for haj pilgrims and the way Air-India has moved in to handle operations for other air-

A close examination of Air-India's performance indicates that the company's financial management is undoubtedly far tighter then before. Heavy discounting, espe-

cially on the Europe, US, Japan and Gulf routes, have been cut out. Through innovative financial arrangements in the pur-chase of aircraft and restructuring existing loans, the airline saved some Rs250m of financing costs. At the same time, Air India's relatively accident-free record over the lest three years has allowed the negotiation of reduced

insurance premiums.
Still, the airline has also had a series of lucky breaks. Seven months ago the Indian Governments ago the Indian India's ment agreed to Air-India's request for a volume-related discount on fuel purchases – a direct saving of Rs165m so far.

Moreover, though Indian Airlines, a sister concern, pays customs duty on the import of newly purchased aircraft, the Government has agreed to forgo such duties in the case of Air-India.

ealthier cash-flow com-bined with Mr Jetley's controversial but suc-cessful handling of labour relations problems suggest that the airline's worst troubles are now behind it. Hence the decision to adopt

a new corporate identity. It hopes to project an image of an aggressive international

SE YER

AL ENTS

FEC 2

1

However the confrontation between managers and unions has left many scars. The cancellation of 350 flights last year caused excruciating pain for harassed patrons dependent on the sectors where the airline has a monopoly.

As on-time performance plunged, irritated passengers complained that IST had come to stand not for Indian Standard Time but Indian Stretchable Time. It may take a long while for Air-India to restore credibility in its captive market.

Aeritalia moves up 20% midway as exports surge

By Sarl Gilbert in Rome

ARRITALIA, the state-owned aircraft company that is part of the IRI group, has reported a 20 per cent increase in pre-tax profits to L48bn (\$34m), for the first six months of 1989. Turnover for the period amounted to L940bn, an

increase of 10 per cent. The company expects total sales for the full year of 12,400m, which would represent an increase of 24 per cent Profits for the year are also

higher.
The six month figures reflect high earnings by the Boeing 767 and MD80 civilian airliner programmes, and good results from the first sales of the

MD11, leading exports to rise

New York

to 63 per cent of total sales... New orders in the six months amounted to L1,619bn, bringing total end-June orders to 1.5,604bn. The company also reported

an increase in investments of

It said 42 per cent of invest-ments, dedicated to technological advancement and produc tive expansion, had been made in the less developed Italian south.

The company also confirmed development of a new civilian airliner with from 80 to 100

Other projects include the four-nation Efa Eurofighter, for which Alfa Romeo is developing an engine.

Primerica posts \$78.3m third quarter net income By Janet Bush in New York

PRIMERICA, the US financial comparisons between this year

services conglomerate run by Mr Sandy Weill, yesterday reported record third quarter earnings for its consumer finance operations and an improvement in earnings from investment services.

It achieved net income of \$78.3m in the third quarter or 80 cents a share on revenues of \$1.47bm, In the first nine months of 1989, not income totalled \$1935m or \$1.98 a share on revenues of \$4.11bq, in the 1988 third quarter, ne income was \$33.1m or 74 cents a share on revenues of \$244.9m. In the first nine months of 1983, it posted net income of

\$94.3m or \$2.11 a share. The company cautioned that it was not possible to make

Previous High/Low

Previous High/Low

72.10 73.95 76.00 77.60 79.70 83.25 0

COCOA 10 tonnes;\$/tonz

70.50 72.65 74.70 76.90 76.70 82.25 85.00

14.04 14.29 13.98 13.78 13.36 12.90

COTTON 50,000; cents/lbs

COFFEE "C" 37,500lbs; cents/lbs

70.95 73.01 74.75 77.00 78.75 82.00 84.75

13.60 13.65 13.60 13.42 13.05 12.70

and last either in the third quarter and nine months results because the latest fignres include the combined operations of the "old Primerica" and the former Commercial Credit Group.

The 1988 figures included results only from Commercial Credit operations.
...Mr Weill's Commercial
Credit bought control of Primerica in December 1988 from

Mr Gerald Tsat and used the bined business. He said yesterday Primeri-

ca's strong performance dem-onstrated the result of efforts to streamline operations and realise the promise of the com-bined organisation.

WORLD COMMODITIES PRICES

(Prices supplied by Amalgamated Metal Trading)

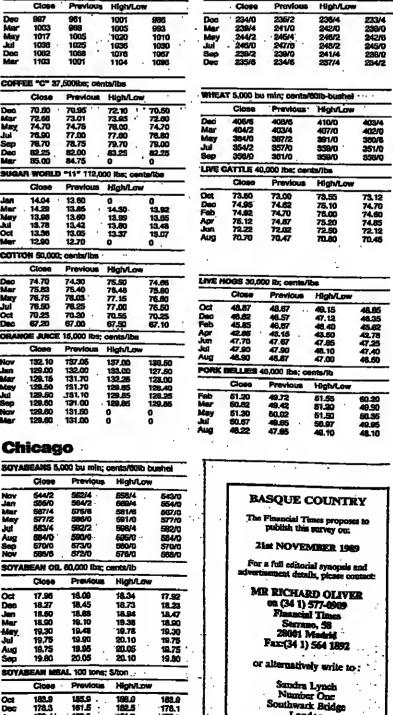
Gold per troy oz.	\$363	.75	+0.50	\$409.00	\$412.25	\$856.5	
Silver Per troy oz Aluminium 99.7% (cas	326J	OUP .	+4.55	359.60p \$2225	358.850	313.90	P
Copper Grade A (cas	sh) \$184 h) £188		+40	£1635	\$2610 £1982.5	\$1664 £1474	
Lead(cash)	£487	.5	+30.25	£375	£487.5	£337	
Nickel (cash)	\$104	47.5	+30.25 +77.5	\$11800	\$19350	\$10245	
Zinc (cash) Tin (cash)	\$181 \$824	0	+5 -230	\$1552.5 £4200	\$2107.5	\$1497.8 \$7480	5
Cocoa Futures (Mar)	\$720		-6	£755	\$10760 £947	£715	
Coffee Futures (Jan)	2685		+27	£1126	£1270	2658	
Sugar (LDP Raw)	\$353	.0	-1.5	\$262.5	\$383.6	\$235.8	
Barley Futures (Jan)	2110	.90	+0.65	£108.75	£113.50		5
Wheat Futures (Jan) Cotton Outlook A Inde	£113	40	+ 0.90	£110.3	£121.65 84.95c	£104.7 51.35c	
Wool (64s Super)	005p		-0.05 +8	58.45c 675p	710p	585p	
Rubber (Spol)	56.5	go qu	+1.25	58.00p	64p	55p	
Oli (Brent Blend)	\$19.	575q	+1.105	\$12.58	\$21.35	\$16.12	5
Per tonne unless otherwise	stated. Unc	juoted. 1	pence/kg.	c-conts ib. c	-Nov.		
SPOT MARKETS			COCO	A — Londo	m POK		£/tonn
Crude oil (per barrel FOB)		+ or -		Close	Previous	High/Low	
Dubai	\$16.55-6,70q \$19.55-9.60q	+0.45	Dec Mar	741 720	744 719	744 730 725 710	
Brent Blend	\$19.55-9.600	+0.50	May	731	730	729 719	
W.T.I. (1 pm est)	\$20.80-0.850	+0.40	Jul	747	741	744 734	
Oli products	100		Sep Dec	763 790	766 784	767 748 783 775	
NWE prompt delivery per to		+ or	Mer	613	807	806 802	
remium Gasoline	\$210-212		Turnov	er: 5330 (S	958) lots o	f 10 tonnes	
Gas Oli Heavy Fuel Oli	\$168-169 \$103-105	+0 +2	ICCO I	naicator pr	1006 (SDF	s per tonne 96) :10 day s). Deli
Naphthe	\$155-158	+1	for Oct	15 846.16	(851.11)	-01 : 10 ORA 8	-401 GD
Petroleum Argus Estimates				IX - Lond			£/tonn
Other		+ or -		Close	Previous	High/Low	
Gold (per troy oz)	\$363.75	+0.50		735	739	740 727	
Silver (per troy oz)	511c	+1	Jan	665	697	699 682	
Yatinum (per troy oz) Palladium (per troy oz)	\$484.75 0136.50	+210	Mer May	696 708	704	701 689 714 709	
			. Jul	720	718 750	714 703 728 720	
Vuminium (free market)	\$1860 1365 ₂ -1\$8c	+40	Sec	745	745	745 740	
Copper (US Producer) ead (US Producer)	136%-1386 40.5c		Nov	765	762	765 763	
lickel (free market)	485c	+5	Turnov	er: 3413 (4	370) lats o	5 tonnes	
	21.90r	-0.02	Oct 12:	Como. da	ily 60.23 (ents per pou 58.75). 10 de	maj 10. Y aver
in (New York) Inc (US Prime Western)	379.5c 804c		age 64.	.01 (84.60)			
Cattle (live weight)†	112.870	-2.72*		t — Loudo			lonne
Sheep (dead weight)†	162.45p	+7,81		Close	Previous	High/Low	
ags (live weight);	103.61p	-0.71	Mar	315.40	308.80	017-20 308.8	
ondon dally sugar (raw)	\$353.0y	+3.8	May	311.00	903.00 297.80	310.80 303.8	10 10
ondon daily sugar (white)		+3.0	Öct	294.80	288.40	295.00 289.0	
ate and Lyle export price	£110.5x	+1.8	White	Çlose	Previous	High/Low	
Barley (English teed) Maize (US No. 3 yellow)	£110.3X £124.0	-2.0	Dec Mar	291.00	385.00	386.00 386.0	30
Mheet (US Dark Northern)	£123.5		Mar	390.50	384.50 383.50	390.60 384.5	50
Rubber (spot)♥	58.50p		May Aug	398.50	391.80	390.00 395.0 396.50	JU
lubber (Nov)	59.25p		Oct	378.50	370.00	378.00 370.0	X 0
łubber (Dec) 🖤	80.00p		Dec	370.50	364,00	364.00	
Rubber (KL RSS No 1 Nov)	229.5m	-0.5	Mar	370.50	ACA /	367.00	
	\$470y	-6	White 1	er: Raw 4 1519 (2133)	USS (1943)	lots of 60	SOMMES
	\$312.5	-25			per tonn	e): Dec 251	5. Ma
	\$310q	-5	2525, N	tary 2530, A	ug 2600, (Oct 2480, Dec	2415,
	£168q 82.55c	-1 		_	-		
locitops (64s Super)	62.55C 605p	+0.60	CRUDE	COLL — IP			/barre
			2	Close	Previou		
			Déc Jan	18 <u>.</u> 91 18.81	18,82 18,37	18.97 18. 18.58 18.	81 40
			Jan Feb	18.26	10.01	18.31 18.	
			IPE ind		18.37		_
			Turnove	er: 12203 (1	1301)		
			945 0				\$/tonne

						Cham manage
Abjuntation	s, 90.7% peril	y (5 per tonne)			Ring tur	nover 24,050 tonn
Cash 3 months	1840-5 1783-5	1840-60 1780-5	1865/1880 1810/1782	1880-5 1792-5	1790-5	35,428 lats
Copper, G	rede A (2 per	tonna)			Ring tun	nover 55,100 tonn
Cash 3 months	1658-90 1871-2	1896-900 1896-7	1915 1890/1883	1910-5 1886-5	1888-70	71,237 lots
Leed (£ pe	er tonne)				Ring to	mover 7,425 tonn
Cash 0 months	487-8 477-8	461-3 478-5.5	489/485 478/475	489-90 478-9	475-6	13,098 lets
Mickel (\$ p	er tonne)				Fling tu	mover 1,152 tonn
Cests 0 months	10425-76 10150-75	10350-400 10050-100	10550/10500 10300/10100	10500-60 10240-50	10175-200	1,152 lots
Tin (\$ per	tonne)				Ring 1	turnover 550 tono
Cash 3 months	8240-50 8260-80	8260-70 8290-310	6280/8280	8250-70 8270-90	8070-80	5,789 lots
Zinc, Spec	del High Grad	le (\$ per tonne)			Ring tu	mover 9,950 sonne
Cash 0 months	1680-5 1687-70	1693-5 1673-5	1675/1665 1675/60	1675-80 1685-70	1050-5	13,997 lots
Zinc (5 per	r tonne)				Ring tu	mover 5,900 tonne
Cash 3 months	1605-15 1590-600	1620-5 1605-10	1595	1612-7 1690-5	1595-605	4,175 lots
	ng C/S rate:			6 months: 1.51		9 months: 1.494

	CH23 E		€/tonne					
	Close	Previous	High/Low	Gold (fine oz	2 buce		equiv	
Nov	132.5	132.0	132.5 131.0 208.0 204.5	Close	363-36312		33 2-2	
Apr May	235.0	230.9	232.9 232.0	Opening	36212-363		33 2-2	34
<u> </u>				Morning fix	362.55		22,598	
Turnove	r 240 (46	7) fots of 4	0 tonnes.	Afternoon fix	3833.15 3833 <u>4-363</u> 3		34.306	
				Day's high Day's low	382 2-363	•		
POYAS	SAN ME	AL - DIE	£/tonne					
	Close	Previous	High/Low	Coins	\$ price		equive	Jen
Feb	144.50		144.50	Mapleleaf	372-377		39-242	
Apr	143.50	144.00	144.50 143.00	Britannia	372-377		39-242 30-242	
Turnove	r 90 (56)	ots of 20 to	nnes.	US Eagle Angel	372-377 372-377		39-242	
				Krugerrand	362-365		32 2-23	41-
			************	N	8612-8612		5-553	
المسادة	טוטיו זו	HES - 894	£ \$10/Index point	Old Sov.	8512-8612	5	5-554	
	Close	Previous	High/Low	Noble Plat	458.45-496.	20 3	15.75-8	20.7
Oct Nov	1536 1615	1530 1610	1540 1532 1620 1514	Silver fix	a/fine oz	L	S cta e	egyi
Jan	1633	1629	1635 1632		<u>-</u>			-
Apr	1680	1658	1885 1869	Spot	326.00 336.35		08.10	
Jul	1410	1410	1425 1417	0 months	350.50		19.10	
Oct	1539		1540 1535	S months	374.55		29.80 51.90	
BF1	1494	1486		12 monuts			01.50	
Turnove	r 404 (31	1)		TRADED OF				
ODAIN	- BPE		£/lonne	Akmainium (9	8.7%) (² uts
Wheel	Close	Previous	High/Low	Strike price (tonna Nov	Jan	Nov	Je
Nov	108.95			1700	154	122	5	42
Jan Jan	113.40	108.70 113.10	108.95 108.50 113.40 112.75	1800	75	69	26	87
Mar	116.90	116.59	116.90 116.60	1900	27	35	76	10
May	120.00	119.60	120.00 119.40	Copper (Grad	0.0)	alls		e pro
Jun	121,40	121.00	121,40 121,30					_
				2500	158	171		10
				2900	94	123	e 1	15
Barley	Close	Previous	High/Low	3000	49	85	115	21
		106.65	107.00 106.65			Jan	Nov	Je
	107.00			College	Nov	JEEP		
Jan	110.90	110.60	110.90 110.25	Coffee				
Jan Mer		110.60 113.60	110.90 110.25 114.00 113.35	700	43	41	90	
Jan Mer May	110.90 114.00 115.70	110.60 113.60 115.35	110.90 110.25 114.00 113.35 115.70 115.50	700 760	43 12		90 28	56 92
lan Mar May Turnove	110.90 114.00 115.70	110.60 113.60 115.35 386 (328),	110.90 110.25 114.00 113.35 115.70 115.50 Berley 341 (246).	700	43 12 5	41	90	
Jan Mar May Turnove	110.90 114.00 115.70	110.60 113.60 115.35	110.90 110.25 114.00 113.35 115.70 115.50 Berley 341 (246).	700 760	43 12	41	90 28	92
Jan Mar May Turnove Turnove	110.90 114.00 115.70 r: Wheat r lots of	110.50 113.60 115.35 386 (328), 1 100 tonnes.	110.90 110.25 114.00 113.35 115.70 115.50 Barley 341 (246).	700 750 800 Cocces	43 12 5 Dec	41 27 Mar 62	90 28 71 Dec	90 M
Jan Mar May Turnove	110.90 114.00 115.70 r: Wheat r lots of	110.60 113.60 115.35 386 (328), 100 tonnes.	110.90 110.25 114.00 113.35 115.70 115.50 Barley 341 (246). With Settlement) p/kg	700 750 800 Cocces 700 750	43 12 5 Dec 76 47	41 27 Mar	90 28 71 Dec 35	90 M
Jan Mar May Turnove Turnove	110.90 114.00 115.70 r: Wheat r lots of	110.60 113.60 115.35 386 (328), 100 tonnes. (Co	110.90 110.25 114.00 113.35 115.70 115.50 Barley 341 (246). noh Settlement) p/kg High/Low	700 750 800 Cocces	43 12 5 Dec	41 27 Mar 62	90 28 71 Dec	90 M
PIGS -	110.90 114.00 115.70 r: Wheat r lots of EFE Close 133.5	110.60 113.60 115.35 386 (\$28), 100 tonnes. (Cd Previous	110.0 110.25 114.00 113.35 115.70 115.50 Barley 341 (246). HightLow 134.0 133.0	700 750 800 Cocces 700 750 869	43 12 5 Dec 76 47	41 27 Mar 62	90 28 71 Dec 35 69 84	90 M 45 70
Jan Mar May Turnove Turnove	110.90 114.00 115.70 r: Wheat r lots of	110.60 113.60 115.35 386 (328), 100 tonnes. (Co	110.90 110.25 114.00 113.35 115.70 115.50 Barley 341 (246). noh Settlement) p/kg High/Low	700 750 800 Cocces 700 750	43 12 5 Dec 78 47 25	41 27 Mar 62 38	90 28 71 Dec 35	

		CHOSE	Previous	підієсьі	
	Oct	363.3	363.4	354.8	363.2
	Nov Dec	365.3 367.3	365.4	0	0
	Feb	367.3	367.4 371.4	368.7 372.4	306.0 370.8
	Apr	375.4	375.5	378.5	375.2
RIPO	Jun	379.5	379.6	380.5	380.0
	Aug	383.5	383.6	0	0
_	Oct	387.7	387.8	0	392.3
U10	Dec	391,9	392.0	382.7	2023
_					
	_				
noe	PLATI	NUM 50 H	oy oz: \$/tro	y 02.	
		Close	Previous	High/Low	,
	Oct	483.6	483.5	484.5	482.0
nne	Jen	491.8	491.8	493.0	489.5
	Apr	495.6 499.8	495.7 499.7	498.0	495.0
_	Jul	489.6 503.4	409.7	501.5	500.0
ne.	Oct	393.4	603.5	0	0
	===	B 5 000 :			
194 5	ONT AL		y oz; cents		
		Close	Previous	High/Lou	'
	Oct	507.9	509.0	512.0	509.0
	Nov	510.1	541.4	512.0	012.0
	Dec Jan	514.0 516.9	515.3 518.2	518.0	513.5 0
	Mar	525.5	526.6	0 529.5	
_	May	532.B	534.1	536.5	825.0 532.0
	ادال	540.5	541.8	543.5	541,8
	Sep	548.3 559.5	549.8 560.8	551.5	550.0
	Dec Jan	503.2	564.5	561.0	661.0 0
				•	
_					
	COPF	ER 25,000	lbe; cents/	ibs	
_		Close	Previous	High/Lov	,
	Oct	132.60	132.65	133.20	132.40
	Nov	131.00	191.75	0	0
	Dec	130.50	130.36	181.40	129.70
	ÇRUE	E OIL (L)	nt) 42,000	2 ellag SU	/barrel
	_	Lutest	Previous	High/Los	
	Nov	20.94	20.47	20.06	20.59
	Dec	20.85	20.33	20.67	20.38
	Jan	20,31	20.07	20.31	20.12
	Feb	20.05	19.87	20.05	19.92
	Mar	19.69	19.68 19.52	19.87 19.69	19.73
	Apr May	19.60	19.37	19.50	19.58 19.46
 .	Jun	19.38	19.22	19.38	19.28
	Jul	19,22 19,06	19.08 18.96	19.20	19.19
	Aug	18.00	(0.30	19.06	19.08
_					
	300				
	REUT	TERS (Ses	er. Septemb	er 18 1931	- 1001
_	I	Oct 12	Oct 11	muth ac	
_	I —				
	1	1872.5	1858.2	1895.7	1856.8'
	DOW	JONES (E	lese: Dec. 2	31 1974 -	100)
_	Spot	128.97	126.13	128.64	133,35
	Futur	es 129.86	129.25	129.80	138.51
_					
	-				
	15.47	NO CH #	.nna +19 ~~	ile comes	IS sell-
 .	HEATI		1,000 US ga		
_	HEATT	- Leteat	Previous	High/Low	
=	Nov				

	Close	Previous	High/Low	
Dec	74.70	74.30	75.50	74.66
Mar May	75.83 76.75	75.40 78.03	78.48 77.15	75.80 76.60
Jul	76.50	76.25	77.00	76.50
Oct	70.25	70-20	70.55	70.25
Dec	67,20	67.00	67.50	67.10
ORAN	OE JUICE			
	Close	Previous	High/Low	
Nov Jan	132.10 129.00	137.05 132.00	137.00 133.00	138.50 127.50
Mar	129,15	131.70	132.25	123.00
May	129.50	131.70	129.65	126,40
Jul Sep	129.50 129.60	J31.10 131.00	129.85 129.85	128.25 129.55
Man Seb	129.60	131.50	0	0
Mer	129.60	131.00	ŏ	ŏ
Ch	icag	.		
SOYA	BEANS 5.	000 bu min;	cents/60R	bushel
	Close	Previous	High/L	DW DW
Nov	544/2	562/4	558/4	. 543/0
Jan Mar	586/0	564/2 575/6	669/4	554/0
May	577/2	576/6 586/0	581/6 591/0	597/0 577/0
Jul	683/4	582/2	598/4	582/0
Aug	584/0	590/0	505/0 ··	584/0
Sep	570/0	573/0 . 572/0	580/0	570/0
Nov	588/6	60,000 lbs:	576/0	568/0
3017	Close	Previous		
Oct	17.96	18.09	18.34	17.92
Dec	18.27	18,45	18.73	18.23
Jen	18.50	18.68	18.94	18,47
Mer	18.90	19.10	19.38	18.90
May	19,30	19.48	19.78	19.30
3ul	19,75 18,75	19.90 19.95	20.10 20.05	19.75 19.75
Aug Sep	19.80	20.05	20.10	19.80
		AL 100 tons		
SOYA			-	
SOYA	Close	Previous	High/L	JW .
Oct	183.9	185,9	188.0	183.9
Oct	183.9 178.3	185,9 161.5	188.0 182.5	183.9 178.1
Oct Dec Jan	183.9 178.3 177.4	185.9 161.5 180.6	188.0 182.5 181.3	183.9 178.1 177.8
Oct Dec Jan Mar	183.9 178.3 177.4 176.6	185,9 161,5 180,6 179,7	188.0 182.5 181.3 180.3	183.9 178.1 177.8 176.5
Oct Dec Jan	183.9 178.3 177.4	185.9 161.5 180.6	188.0 182.5 181.3	183.9 178.1 177.8 176.5
Oct Dec Jan Mar May	183.9 178.3 177.4 176.6 176.2	185.9 161.5 180.6 179.7 178.5	186.0 182.5 181.3 180.3 179.3	183.9 178.1 177.8 176.5



SEI 9HI.

FINANCIAL TIMES

CURRENCIES, MONEY AND CAPITAL MARKETS

FINANCIAL FLITURES AND OPTIONS

FOREIGN EXCHANGES

Dollar down despite data

larger than expected rise in US producer prices and retail sales, but then fell back on reassessment of the figures and on nervousness about central bank intervention. Dealers suggested that the Federal Reserve was discreetly selling dollars, and this encouraged profit taking in the currency.

The market expected a rise The market expected a rise of 0.7 per cent in the September Producer Price Index, after a fall of 0.4 per cent in August, but the September rise turned out to be 0.9 per cent. The rise of 0.5 per cent in retail sales was lower than the August gain of 0.7 per cent, but well above market estimates of 0.1 per cent.

The dollar rose to DM1.9140 and to Y144.80 on the news, but

2 1	n new y	ORK
· 0tt.15	Latest	Previous Cloce
£ Spot	1.5635 - 1.5665 0.84 - 0.83em 2.39 - 2.36em 8.35 - 8.28em	1.5510-1.5520 0.85-0.82pm 2.42-2.37pm 8.40-8.20pm
	RLING II	
	Got.	13 Previous

nuted in terms of SDR and ECO.per E. Commission Calculations, axes are for Oct.12

CURRENCY MOVEMENTS

Belgian Franc Danish Krone Druische Mari Swee Franc Guilder Franc Lira Yen	104.4 134.4 106.5 111. 100.4 98.4	421.6 425.1 414.0 414.0 414.1
1982 - 100. 1985 - 1087 OTHE	Guaranty change Bank of England Rates are fortical R CURRE	Mex (Base Avera 2
0ct 13	1	3
Argentina Australia Brezii Fishind Greece Hong Kong Iran Koren(Sth) Kowalt	1013.46 - 1021.9; 2.0285 - 2.0310 4.6595 - 6.6665 5.7455 - 6.7656 260.00 - 264.55 12.1725 - 12.1856 116.90° 1034.70 - 1051.2; 0.46690 - 6.46670	13005 - 1.3015 4.2520 - 4.2730 4.3260 - 4.3200 166.50 - 169.20 71.207 6 668.90 - 674.00
Lucembourg Malaysia Menco N. Zcaland Saudi Ar Signacore	62 10 - 62 20 4 2025 - 4 2125 4053 40 - 4071 60 2,6650 - 2,6710 5,8360 - 5,8415 3,6710 - 5,0775	39.70-39.80 2.6965-2.6985

FORWARD RATES: ---AGAINST STERLING 1.5560 1.5555 1.5397 1.5172 1.4790 2.9575 2.9400 2.9883 2.8652 2.7878 10.023 9.987 9.910 9.803 9.610 2.5975 2.5821 2.5588 2.5148 2.438 224.00 222.31 219.20 215.83 207.62

FT LONDON INTERBANK FIXING

		HONE	RAT	ES		
NEW YORK			Treasury	Bills and	Bonds	
(Lumcht.ime) Prime rate Broker loan rate Fed. funds at Intervention	101. 10 8#	One month Two month Three month Six quarth One year Two year		7.78 Form; 7.99 Flaty 8.07 Sees 8.05 10.40		8.07 8.05
Oct.13	Overweit	One Month	Two.	Three Morens	Six Months	Powpard Powpard
Frankfurt	7.96-8.00 93-10; 63-63; 0.50-8.60 61-63; 124-123; 10.00 93-93;	913-104	7.90-8.05 911-1011 1011-1011	8 06 5 20 10-10 4 7 2-8 3 8 18 6 28 6 2-6 4 12 3-13 2 9 4-9 4 10 4-10 3	7.95.8.15 10-104 10-104 104-11	9.50

LONDON MONEY RATES						
Oct.13	Oversight	7 days notice	Ore Month	Three Months	Six Months	One Year
nterbank Offer nterbank Bid terling CDs. .ocal Authority Deps	15¼ 8 15	152 154 15	15# 15# 15# 15	15& 15% 15% 15%	15.6 15.6 15.6 15.6	15 144 144 144
oca) Authority Boods iscount Mikt Debs ompany Deposits inance House Deposits	15	15	144 154 154 143 15 15 8.67	141 151 154 148	151 151	15 14 2
reasury 8(lis (Buy) lauk Bills (Buy) Ine Trade 8ils (Buy) Jollar CDs	-	-	15% 15% 8.67	144 154 8.67	14 1 14 1 8.48 84	8.45 81
OR Linked Dep Offer DR Linked Dep Sid CU Linked Dep Offer CU Linked Dep Sid Treasury 5,715 (sel 0)		-	107	83 87 104 104	10 d 10 d	10 3 10 3

one-month 14% per cent; three months 14% per cent; Treasily Bills; sterage trace of discount 14 5687 p.c. ECGO Fixed Rate Sterling Export Finance, Balas en tay September 29, 1989. Agreed rates for period October 25 to November 25, 1989, Scheme 14 82 p.c. Scheme 1989. Agreed rates for period October 25 to November 25, 1989, Scheme 14 82 p.c. Scheme 1984: 18 8 Hi: 15.27 p.c. Reference rate for period Sept 1,1989 to Sept 29, 1989, Scheme 1984: 18 8 Hi: 15.27 p.c. Reference rate for period Sept 1,1989 to Sept 29, 1989, Scheme 1984: 18 Hi: 15.27 p.c. Reference rate for period Sept 1,1989 to Sept 3 to 100,000 and over held under one pocific 4 per cent, Grant Sept 3 to 1985; Deposit 51.00,000 and over held under one pocific 4 per cent, one-three months 12 per cent, three-twise months 12 per cent, those rounds 12 per cent, Indeed Todde 13 per cent, Indeed Todde 14 per cent, Indeed Todde 15 per cen

And the Control of th

US and British economic news proved depressing for both the dollar and sterling yesterday. The dollar rose by more than 1 pfemnig in initial reaction to enterprise the underlying PPI rise was 0.7 the underlying PPI rise wa showed that excluding volatile items, such as food and energy, the underlying PPI rise was 0.7 per cent, and perhaps not such a serious blow to the theory that the Fed has, or is about to, ease its monetary stance.

> There was no guidance from the Fed's operations in the New York money market. The central bank drained reserves, via over the week-end matched sale and repurchase agree-ments, but this was probably technical. As the market remained uncertain about Fed policy and nervous of interven-tion, the dollar fell to close in tion, the dollar fell to close in London at DM1.8910, against DM1.9080 previously; at Y143.25 compared with Y144.15; at SFr1.6615 against SFr1.6725; and at FFr6.4150 compared with FFr6.4700. The dollar's index fell to 70.7 from 71.0.

DM2.9750, but had eased back to around DM2.9675 just before the announcement. The figures were disappointing bowever with the year on year inflation rate rising to 7.6 per cent in September. The market was looking for an unchanged fig ure of 7.3 per cent. There was no reaction to the UK Prime Minister's speech at the Con servative Party Conference when she gave strong support to the Chancellor. Sterling fell about ¼ pfennig to DM2.9600 on the inflation news and closed at DM2.9575 compared with DM2.9600 on Thursday. The pound rose 1.30 cents to \$1.5640 against a weak-ening dollar and improved to Y224.00 from Y223.50 and to

Price Index. It again touches

technical resistance a

	AR SPOT	- FORWAR	D AGAIN	ST	THE DOL	
13	Day's spread	. Close	One month	%	Three months	20
ripods.	1.5460 - 1.5660	1.5635 • 1.5645 1.4025 • 1.4035	0.86-0.84com 0.22-0.17com	6.52 1.67	2.45-2.42pm	6.23 1.92 -3.44 0.30 -1.20 -2.69 0.42 -6.78
T	1.3915 - 1.4035 1.1730 - 1.1760	1 1740 - 1 1750	0.33-0.35cds	3.52	0.72-0.62pm 0.99-1.03ds	-3 44
tests.	2.1300 - 2.1600	21325 - 21335	0.07-0.05com	0.34	0.16-0.1490	0.30
JR	39.70 - 40.15	39.70 - 39.80	3.20-4.70cds	0.34	10.56-13.50ds	-1.20
*	7384 - 7.46	7.384 - 7.394	1.60-1.85ores	-2.78	4.80-5,200's	~2.69
NAME OF THE OWNER, OWNE	1.8870 - 1.9140 161.00 - 161.90	1.8905 - 1.8915 761.00 - 762.10	0.10-0.08pfpm 63-73offs	0.57 -5.03 -5.45	0.22-0.18 ms	4.70
pi ,	120.20 121.90	120.20 - 120.30	50-60cts	5.00	150,16846	7.49
	1386-1402	13674 - 13884	4.50-5.00 hedis	-408	156-168ds 12:50-13:50ds 4:55-4.95ds	-5.38 -3.72
7	7.03 - 7.08 -	7.03-7.0312	1.40-1.65credis	4.78	4.55-4.9545	322
	6.5012 - 6.57	6414-6415	0.65-0.75cds	-0.78	2.85-2.256b	-1.34
	6.50% - 6.57	6.52-6.525	1.67-1.820res	-3.20	5.10-5.45ds	-3.22
	14295-144.00	145,20 - 143,30	0.32-0.30ypm	2.58	0.86-0.84em	236
hod .	13.361-13.59	1600-1660	0.30pm-0.20gdfs 0.13-0.10ccm	0.04	0.31-0.27gmg	0.40
	1.0875-1.0890	1.0880 - 1.0990	0.18-0.17cm	1.93	0.52-0.49cm	4.07

Oct.23	Day's . spread	Clase	One quarte	Não Rã	Three	22
VS	1.5460-1,5660	1.5635 - 1.5645	0.86-0.84cpm	652	245-24200	- 6.
anade	1.8285 - 1.8400	1,8365 - 1,8375	0.50-0.42com	3.00	1.36-1.25mm	2
etherlands.	133-13512	3.33-3.34	2-1 4 cmm	6.97	54-51-00	2653
leigium	62.05-62.45	62.10 - 62.20	29-27cm	5.41	&L-77am	5
ennerk	11.53-11.583	11.554 - 11.564	34-31-oreon	183	103-101m	3.
Page	1.1075-1.1175	11110-11130	0.45-0.40000	120	1.20 1.10	4
V. Germany	2954 - 2974	29512 - 296	14-15-perper	7.10	5-4 Types	0.02
ortagal	251.50 - 254.20	253.20 - 254.20 188.30 - 188.60	39-21com	1.42	17-52de 52-37ss	~
pula	188.15 - 189.50 2170 - 2181%	21704 - 21714	20-13cpm 6-4ilrepm	276	15-1300	- 5
aty	10.975 - 11.01	10.995 - 11.005	34-34 oresin	100	10-2-94:00	- 5
racce	10.024 - 10.084	10.021 - 10.031	412-4-scpts	195	123-1200	4
weden	10.171 - 10.21	10.195 - 10.205	3-24 accomi	181	B14-7-300	-
apale	2234 - 225	22312 - 22415	14-174900	9.04 6.62 7.22	43-4500	8
tetria	20.82 - 20.90	20.84 - 20.87	12-11 groom	6.62	34-31	6
adtawand	2.594 - 2.61	2594-2604	15-17-cpm	7.22	43-4400	4.5866
ســــــ لت	14380 - 14490	1.4380 - 1.4390	0.56-0.53com	4.55	1.61-1.5box	4.

EHS E	UROPE	an Curr	RENCY	UNIT RAT	res
.	Eco central rates	Amency Amounts against Eco Oct.13	% change from central rate	% charge adjusted for divergence	Chrespons Hank %
tan Franc	42.4582 7,85212 2,05853 6,90403 2,31943 4,768411 3483,58 133,804	43,1742 8,02207 2,05610 6,97625 2,32009 0,772761 1508,99 130,905	+1.69 +2.16 +0.12 +1.05 +0.03 +0.57 +1.71 +2.17	+1.05 +1.52 -0.76 +0.41 -0.07 +1.59 -2.11	±1.5424 ±1.6439 ±1.1019 ±1.3719 ±1.5019 ±1.6689 ±4.0815

Belgias Front Dauch Kone Gersten D-Mark French Frant Duich Golfder Irbb Pant Hallan Lira Spanigh Percia	7.852 2.058 6.909 2.319 0.7680	12 8.0 53 2.0 13 4.9 13 2.3 14 0.77 15 150	1742 2287 5610 7625 2009 2761 E199	+2 -0 +1	71	+1.05 +1.52 +0.76 +0.41 +0.61 +0.67 +1.59 +2.11	#1.5424 #1.6419 #1.1019 #1.3719 #1.5019 #1.669 #4.0815
Changes are for Em. Adjustment calculates Qct.13	by Financial	Flanes.		NTE		RATE:	Con
Sterfing US Dellor Can. Bollar O. Suffice O. Suffice Destschmark Fr. Franc kattan Live E. Fr. (Find E. Fr. (God Yen O. Krone Askan SSing	15.15.15.15.15.15.15.15.15.15.15.15.15.1	15 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	156 81 124 85 104 91 118 66 118 81		151, 12 81, 82 81, 83 81, 84 8	154-15 8 8 113-11 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8 8	

Long term Eurodollars, two years 8%, 4% per cent; three years 8%, 4%, per cent; four years 8%, 4%, per cent; five 1881-831 per cent appointed. Short term rates are call for US Dullars and Angeners Yen; others, two days' notice.

EXCHANGE CROSS RATES										
Del 13	٤	\$	OM	Yes	F.Fr.	S Pt.	H FL	Lies	C.S	O Fr.
£	0.639	1.564	2.958 1.891	224.0 143.2	10.03 6.413	2.598 1.641	翌	2171 1389	盟	62.15 31.74
YEN	0.338 4.464	0.529 6.902	13.21	75.73 1000.	3.391 44.78	0.878 11.60	1127	733.9 9692	0.621 8.201	21.01 277.5
F Ft. S Fr.	0.997	1.559	2.949 1.139	223.3 86.22	10. 3.861	2590	3,325 1,284	2745 835.4	1.832	61_96 23.92
H.FL.	0.300 0.461	0.469 0.728	0.887 1.363	67.17 103.2	3.007 4.620	0.779	1536	651.0 1000.	0.572 0.846	18.64 28.63
CS.	0.544	0.651 2.516	1.610 4.759	121.9 360.4	5.460 16.14	1414	1.815 5.364	1182 343	1 29%	33.83 100.
per 1,0	00: French	Fr. per	D: Ura p	1,000:	Belgian Fi	. per 100				

MONEY	MARKETS
UK	rates
firm	er

RATES CONTINUED to rise in London yesterday as the finan-cial markets found little comfort in the latest UK inflation speech at Blackpool on Thursday. Three-month sterling interbank rose to 154,154 per cent on publication of disap-pointing RPI data, from 154-15% before the figures, and closed at 15%-15% per cent against 151-15% per cent on

The Bank of England ini-UK clearing bank base inmiles; rate 15 per cent from October 5

tially forecast a money market shortage of £450m, but revised this to £400m at noon. The authorities took out the shortage before lunch through purchases of £411m bills, by way of £50m Treasury bills in band 1 at 14% per cent; £290m bank bills in band 1 at 14% per cent; and £71m Treasury bills in band 2 at 14%-14" per cent. The central bank did not operate in the market during the

afternoon. Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained 590m, with a rise in the note circulation absorbing £415m and bank balances below target £40m. These outweighed Exchequer transactions adding £90m to liquidity.

LEFFE LONG CELT FETURES OFTENS 550,000 640s of 100%	LEFFE US TREASURY BOND FUTURES OFTENS \$189,000 6485 of 100%	LIFFE BURB FUTURES OFTENES DECESO, 840 palets of 100%
Strike Cath-Strikewards Prot-cettlements Prize Det. Mar Dec. Mar D	Strite Data-settlements Pers-settlements Price Dec Marc Dec Marc Dec Marc Dec Marc Dec Marc Dec Dec Marc Dec Dec Dec Dec Dec Dec Dec Dec Dec De	Strick Calk-orticments Pais-artifements Price De: Mar Dre Mar Price De: Mar Dre Mar Price De: Mar Dre Mar Dre Mar Price De: Mar Dre Dre Dre Dre Dre Dre Dre Dre Dre Dr
	LIFFE SHEDOGLAR SPTINGS	LIFFE SHORT STEELING OPTIONS
LUFFE (/S 8973005) (25,006 (conts per 61) Strice Calis-settlements Puts-settlements	Clarify Callinguistances Ban certifymatic	£500,000 peints of 180%
Price Oct Now Oct Abort 140 — 16.20 — 0.00 0.07 145 11.20 11.20 0.00 0.07 0.07 0.00 0.51 155 1.28 2.55 0.00 2.04 0.00 2.04 145 0.00 0.75 3.80 5.29 1.26 2.04 1.00 1.28 2.00 1.14 8.90 4.66 1.70 0.00 0.02 13.80 14.56	Prior Des Lie Der Als- 1000 0.56 0.79 0.79 0.15 1025 0.26 0.80 0.16 0.21 1025 0.23 0.62 0.26 0.26 1025 0.13 0.46 0.41 0.17 1020 0.07 0.35 0.40 0.51 1025 0.04 0.17 0.35 0.40 0.51 1025 0.04 0.17 1.05 0.83	Softe
Estingated volume total, Calls O Pars 0 Pravious day's open lest. Calls 211 Pars 20	Estimated unione total, Calls 0 Puts 20 Provious day's open int. Calls 3214 Puts 2445	Estimated volume total, Calls 2277, Pots 2310 Previous day's open int., Calls 50716 Pots 29379
LONDON (LIFFE)	FT-SE 100 HINEX \$25 per full index paint	Spot 1-mth. 3-mth. 6-mth, 12-mth.
24-YEAR 9%, NOTHINGLAND COLT \$50,000 Stade of 100% Close High Low Proc.	Dec. 254.0 2552.0 2261.0 2548.0 Mar 2593.0 2593.0 2594.5	Spot 1-mth. 3-mth. 6-mth. 12-mth. 1-5040 1-5005 1-5097 1-5172 1-4750 1808-67EM-186 St. per E
Cost High Low Free. Dec. 91-23 92-07 91-17 91-31 May 92-24 92-07 92-00 Estimated volume 21:53 09:539 Province day's open int. \$2396 03:342	Text 2563.0 2254.5 Estimated volume \$783.046783 Province Say's open by. 26495 (24543)	Latest High Low Prov. Dec 1,5390 1,5400 1,5280 1,5342 Mar 1,5130 1,5176 1,5090 1,5116 Jun 1,4970 1,4970 1,4980 1,4902
7-14 YEAR 9% MOTHWAL CELT 150,000 32mb of 100%	PHILADEL PHILA SE CAS OPTIONS ESILES (beats per SI)	
Orese High Low Pres. Dec. Mare	Strike Calk Price Dec 1,500 5.35 5.62 5.96	Pats Mar Oct Nor Dec Mar 635 - 0.71 1.75 3.83
Estimated volume 0 (th Previous day's open tot. 0 (th	1525 285 171 425	Her Oct Nov Ope Mar 5.25 : 0.71 1.75 1.83 4.61 : 1.45 2.66 5.66 3.66 0.16 2.40 1.90 6.50 2.67 1.91 3.92 5.47 8.11 2.02 4.28 5.78 7.25 9.87
HS TREASURY MAINS BY. \$100,000 Jihan of 197%	2 600 001 070 191	481 . 145 246 506 346 0.16 240 3.90 650 267 1.91 3.92 5.47 8.11 2.02 4.28 5.78 7.25 9.87 1.46 4.78 7.89 9.23 11.77 1.02 9.28 10.17 11.36 13.79
Dec. 97-30 98-21 97-20 98-04 Mar 97-25 98-21 97-20 97-31	Provious day's open her: Calls 478,805 Parts 363,680 Provious day's volume: Calls 27,260 Parts 9,859 (All	(All correctes)
Estimated volume 5596 (5026) Produce day's open lat., 6506 (6767)	CHICAGO B.S. THEASURY NORDS (CRT) B.Y.	AADAMESE VEN KIMO
6% METERIAL SERVICE SONT. MONE DAZZE JOSE 1500m of 160%	\$190,000 \$2min of 190% Latest High Low Pres. Dec. 97-30 98-19 97-18 98-06	V12.5m 5 pr V100 Larget High Low Proc. Dec 0.6959 0.6950 0.4925 0.6950 Mar 0.7015 0.7025 0.6970 0.7005
Dec 92.54 93.16 92.51 91.03 http://doi.org/10.251/91.25 http://doi.org/10.25/91.25/91.25	### 97-27 98-14 97-17 98-03 Jan 97-20 98-06 97-11 97-28 Sep 97-12 97-12 97-20 Dec 97-02 97-14 98-30 97-13 Dec 97-02 97-14 98-30 97-13	Jan 0.7042
Estimated volume 55619 900070 Provins day's open lat. 34568 (16382)	Sen - 96-31	MELTECHE MAINE (BINUS AM225,400 S per BM Latest High Low Pres.
AN HOTERNAL LING TERM JAPANESE SOYT.	102 - 10-18 102 - 10-12 Jan	Dec 0.5262 0.5275 0.5271 0.5246 May 0.5865 0.5270 0.5225 0.5251 Jun 0.5265
Dec 104.25 104.45 104.04 103.94 May 103.88 104.00 105.76 101.54	N.S. THEASURY VIELS IMMO Sim points of 100%	THEFT ABOUT BURNING LAR THAN
Estimated volume 740 4479 Previous day's open int. 923 (961)	Dec. 92.74 92.63 92.67 92.79 Har 93.09 93.11 93.02 93.14	THESE AVERTH STREET, AR (TANK) Sites points of 100%. Latest High Law Pres.
TREET MONTH STEELING 6580,600 paints of 180%	11 211 210 214 50 11 211 210 214	Dec 91.49 91.61 91.41 91.56
Dec 25.07 25.25 25.06 25.17 25.00 25.07 25.00 25.77 25.00 25.77 25.00 25.77 25.00 25.77 25.00 25		Jun 9189 91.97 91.83 91.94 91.80 91.85 91.75 91.83 Dec 91.57 91.60 91.52 91.59 Mar 91.56 91.99 91.51 91.58 Jun 91.51 91.53 91.66 91.53 Seb 91.47 91.50 91.43 91.50
Est. Yel. Buc. Figs. ant showth 55798 4996726 Profess day's open lat. 187018 (106448)	SHISS FRANC CRISIO SF: 125,006 S per SFe	STANDARD & PORES 500 HIBEX 5500 Kinis Index
THREE MONTH ELPOHOLLAIR Slav points of 180%	Dec. 0.5989 0.5996 0.5985 0.59	Dec 359,20 388,40 357,80 368,85 Nar 362,26 362,80 362,30 363,35 Jun 362,36 362,80 362,30 363,35
Dec 91.47 91.61 48.42 97.53 Mar 91.84 91.85 47.81 49.87	SA)	
lea 91.87 91.96 91.90 91.89 Sep 91.76 91.89 91.89 91.79 Set. Vol. (inc. flys. not showed 11172 0057) Previous day's open jet. 34400 133226)	FT Gt	JIDE TO
A CALLED AND IS ABOUT THE GALLES OFFICE	W	ORLD ENCIES
THREE MONTH EXPENSIONS		

LONDON TRADED OPTIONS ontion was less active than of

The most active individuel series was the October 2,200 puts

which traded 1,184 contracts; total turnover in the index option

amounted to 7,770 contracts made up of 1,923 calls and 5,847 puts.

actively traded, the top performer was Boots. Total turnover

amounted to 2,022 contracts, com-prising 1,875 calls and 347 puts.

Scottish & Newcastle were again influenced in the breweries

sector from talks associated with

Of Individual etock options

THE LONDON Traded Option market yesterday traded 29,412 contracts against an underlying market that was going in no particular direction, having started in

ticular direction, having started in negative territory, then moved into e positive frame and ended the session, and the last day of the trading account, some four points off.

None the less, trading volume on the week at 229,298 contracts made it one of the more active weeks of the year. Friday's volume, which tell slightly below that of the previous day, comprised

of the previous day, comprised 18,980 calls and 12,562 puts. The FT-SE 100 index showed

the Elders IXI. stake in the com-pany and speculation that Elders might dispose of its holding. This boosted turnover to a total of 1,574 contracts, of which 1,415 recent lalls, and the Footsie

P. & C. (*629) (*529) 240 17 26 34 1 5 7 250 4 13 21 7 12 14

340 42 55 72·12 20 25 340 27 40 58 25 35 40

PUTS
0c; 5½ 11 21 41 74 116 142 212
160 18 27 42 62 90 123 142 212
0c; 24 36 52 71 % 130 170 213
1an 34 46 62 60 105 137 175 215
1an† 52 - 80 - 120 - 185 -October 13 Total Contracts 29,564 Calls 16,980 Pats 12,584 FT-SE textex Calls N/A Pats N/A

were calls and 159 puts, the most

active series being the November 420 calle, with 540 contracts

Jeguar was placed third yester-day, with a total of 1,406 con-tracts, the most active series being the October 700 cells which

traded 301 contracts. Call option

turnover totalled 1,096, with noticeable call selling because of

the high premium associated with the naer month eerles. Put

Racel also performed well, trading 1,308 contracts compris-ing 748 calls and 560 puts. Virtu-

ally all the put activity was in the February 230 series, which saw

Nor Jas War Nor Jan War

50 9½ 12 15 1½ 3 4 60 3½ 6 9 4½ 6 7 Nor Jan Apr Nor Jan Apr

Des Mar Jun Des Mar Jun

WORLD INDUSTRIAL REVIEW

The Financial Times proposes to publish this survey on:

Monday, 8th January, 1990

For a full editorial synopsis and advertisement details, please contact:

> **BRIAN HERON** Regional Manager

> on 061 834 9381 (telex 666813) (fax 061 832 9248)

or write to him at:

Financial Times Alexandra Buildings, Queen Street, **Manchester M2 5HT**

FINANCIAL TIMES

Notice of redemption to hold **AEROPORT DE PARIS** ECU 25,000,000 1) 4 % Bonds de

NOTICE IS HEREBY GIVEN thei, pursuant to clause "Amortization" in the terms and conditions of the above-mentioned Issue, Banque Générale du Luxembourg S.A., as Fiscal Agent has drawn by lot, for redemption on November 23, 1989 at 100% of the principal amount thereof, ECU 5,000,000 principal amount of said 111/8 % Bonds due Novamber 23, 1993 bearing the following serial

Furthermore, pursuant to clause "Prepayment at the option of AEROPORT DE PARIS" in the terms and conditions of the Bonds, AEROPORT DE PARIS has elected to prepay ell other outstanding Bonds bearing serial numbers other than those listed above in the eggregate emount of ECU 20,000,000 et a redemption price of 101.5% of the principal amount thereof on November 23, 1989.

Bonda should be surrendered for payment together with all unmatured coupons appertaining thereto, failing which the face value of the missing unmatured coupons will be deducted from the

Crédit Commercial de France, Paria Amsterdam Rotterdam Bank N.V., Amsterdam Banque Belge Ltd, London
Banque Générale du Luxembourg (Suisse) S.A., Zurich

Banque Générale du Luxembourg S.A., Luxembourg

BANQUE GENERALE DU LUXEMBOURG S.A. Fiscal Agent

October 14, 1989

SPONSORED SECURITIES 6.1 -6.9 7.5 11.0 14.7 14.7 7.6 3.5 12.9 9.4 377xd 300 110 5.0 10.0 3.1 10.5 9.7 -2.8 10.4 Securities designated (SE) and custom are east in subject to the rules of TSA Tisse, Other securities listed above are death in subject to the rules of TSA Tisses excartities are death in strictly on a matched bargain basis. Neither Granville & Co. Limited por Granville Davies Limited are market unalers in these securities • Tisses spourities are dealt on a restricted basis, Further details available

Granville & Co. Limited 77 Mansell Street, London El 8AF Telephone 01-488 1212 77 Mansell Street, London E1 8AF Telephone 01-488 [212

IG	9-11 GROSVENDR GARDEI Tel: 01-828 7233	IS, LONDON SWIW OBD AFBD member
		WALL STREET Oct. 2736/2748 -22 Dec. 2753/2765 -22
	50m Prices Change fro	

Member of The ISE & TSA

WORLD STOCK MARKETS

Control Cont	Section 1

WORLD STOCK MARKETS

Strong economic figures blamed for setback

Wall Street

ECONOMIC releases yesterday showing stronger than expec-ted retail sales growth and a large jump in producer prices last month undermined confidence in the equity market which saw them as precluding any further easing in monetary policy, writes Janet Bush in

The market was, however, only modestly lower until hit hy a wave of stock index arbitrage sell programmes. Between 11.30 am and noon, the Dow Jones Industrial Average dropped 20 points to stand more than 25 points lower. By 2 pm, the Dow had failed to recover the lost ground and

Frankfurt and Paris, the for-

mer taking a knock which shook its confidence in the

economy and the latter losing the speculative buzz which has sustained it this week, writes

FRANKFURT shivered as a

1.1 per cent rise in September's wholesale price index, against Angust, threatened the bulls.

They have been arguing that

the economy is strong and will

have forgotten its currency

and interest rate worries in

The increasing concern was reflected in a 5.13 decline to 672.28 in the FAZ index, at

for the DAX which closed at 1,589,28 in volume up from DM4.1bn to DM4.8bn. On the

week, the indices fell by 1.8

and 2.2 per cent respectively. Speculation about a realign-

ment in the European Mone-

tary System (EMS) over the

weekend contributed to the

bearish mood, and export sen-

sitive stocks like chemicals -

previously slow to move -

showed sizeable declines with

three months' time.

was quoted 20.29 points lower at 2,7359.55. Volume was moderate with 109m shares changing hands by midsession. Other major indices were

also quoted lower at midses sion, including the Nasdaq Composite and American Stock Exchange Index, which are not unduly affected by arbitrage between Standard & Poor's 500 futures contracts and their underlying stocks. This suggested that there was also genuine profit-taking, continu-

ing the week's trend.
The Producer Prices Index rose by 0.9 per cent against expectations of a 0.8 per cent rise. Ex food and energy, the index jumped 0.7 per cent, a much larger gain than forecasts of 0.3 per cent to 0.4 per

In London, an analyst sus-

pected that the general drop in blue chips like Deutsche Bank,

Daimler and Siemens was due

to American and Japanese investors top-slicing their hold-ings at the first sign of trouble.

"Europe'a bourses used to be considered trading markets by

the Japanese and Americans," he said. "This is not the case

today, but there can be semi-

PARIS saw a week of speculative fireworks fizzle out in a

rather drab close, with prices ending slightly weaker overall

and the stronger than expected US producer prices helping to dampen the mood.

The OMF 50 index closed 1.0 lower at 530.97, having reached a day's high of 536.80. Over the

week, the index has lost 1 per

cent. Turnover was still active at an estimated FFr3bn.

a surge to FFr1,861 before clos-

ing FFr12 higher at FFr1,302. It

was underpinned by Thursday's news that net income for

the year should rise by 27 per

In the financial sector, Pari-

Agence Havas featured with

trading stocks on occasion."

cent. However, the negative impact of this was mitigated by the fact that there was a disproportionately large jump in energy prices and auto prices as new models were launched. Retail sales jumped 0.5 per cent last month against fore-casts of an unchanged figure. Analysts saw signs of genuine

The other major preoccupation was monetary policy.

After a week of second-guessing the US Federal Reserve, the balance of opinion in mar-kets shifted on Thursday towards belief that the Fed has indeed initiated a modest eas-

strength in the consumer sec-

ing in policy.

The bond market appears to be convinced, holding mostly

Bulls and speculators pause for meditation

bas closed FFr16 lower at FFr602 as the takeover bubble

was deflated. Navigation

was deflated. Navigation Mixte, which has been both a runoured buyer of Paribas and a runoured target, rose as high as PFr1,749 before closing FFr23 weaker at FFr1,650. Both AGF and Paribas have permission to raise their stakes in

Mixte above 10 per cent, but, said one analyst, "this is a

shareholder reshuffling, not a

MADRID was hit by news of

a 1.1 per cent rise in September inflation and although this was

too late to affect some fixing

prices it pushed shares on the continuous market down in

afternoon trading. The general index, easing 0.36 to 322.40, did not reflect the later disappoint-

ment. The index is down

Sngar companies have attracted a lot of attention this week, with speculation about a

merger between Industrias

Agricolas and Azucarera, the

two smaller companies, or a takeover of one of them by the

leader Ebro. Azucarera was up

100 points at 8,070 per cent of

par yesterday, with 65,000

slightly on the week.

takeover hid."

marginally higher at midsession in spite of yesterday's releases and the fact that the Ped again drained reserves through matched sales. The currency market too appears to helieve that policy has been loosened a notch and the dollar came under pressure, partly because of open market official dollar sales.

Among featured etocks, AMR, parent company of American Airlines, rose \$% to \$39% on a report that its chairman had held talks with the nilot's union about a possible buy-out similar to the one at

UAL slumped \$5% to \$279% on various rumours about the financing of the bid for United Airlines by British Airways

shares traded. Banco Santan-der is reported to have raised

its stakes in both Agricolas

and Azucarera sharply in the past two weeks, taking them to 24 per cent and 20 per cent.

ing despite firmer short term interest rates and a slightly

higher dollar, but prices came

off their early highs on profit-taking and the Crédit Suisse index eased down 0.7 to 853.1

for a decline of 0.5 per cent on

In the insurance sector,

Swiss Reinsurance continued

its strong performance with a

rise of SFr150 to SFr14,400, after a gain of SFr450 on Thursday. The company recently produced excellent

results for 1988, its 125th anni-

versary year, and is opening a

proportion of its registered

share capital to foreigners.

AMSTERDAM had another day of feeling sorry for itself, as the bond market weakened

again. With short-term interest

rates above 6 per cent, inves-tors were further discouraged

by the higher US producer

prices, West German wholesale inflation and UK retail figures.

the week.

ZURICH saw cautious buy-

and the airline's management and employees. They included that various bank lenders and the airline were haggling over fees and that Japanese banks were lukewarm about lending for the deal and had committed less than expected.

STRONGER than expected September US producer prices lower than expected third quarter results and profit-tak-ing from last week's activity left the Toronto market quiet

and directionless The composite index slid 9.6

to 4,002.9 with 14.8m shares changing hands. Advances out-performed declining shares by 247 to 230.

The CBS tendency index fell 0.4 to 1928, a drop of 2.6 per

Insurer Stad Rotterdam rose a further F12.20 to F153.10 on takeover speculation, and

Amey followed it up F12 to

STOCKHOLM recovered

from a weak start as the mar-

ket focused on Volvo whose free B shares climbed SKr10 to

SKr527 on speculation that the

company was about to announce a deal with Renault.

The Affärsvärlden General

index added 1.3 to 1,305.0, a rise

The industry ministry announced that Sweden wants

to speed up applications from foreign companies seeking to

huy Swedish companies and

said all applications would antomatically be approved if

they did not threaten Sweden's

OSLO closed sharply higher,

shrugging off the losses of the

past few days as the price of

Norwegian oil climbed on

world markets. Norsk Hydro

put on NKr2 to NKr154 and

Saga Petroleum rose NKr9 to

security interests.

of 0.9 per cent on the week.

cent on the week.

F1 58.30.

In the past three years, since South Korea started to register current account surpluses and very high levels of growth, the swings have created a boom in prices of both stocks and land. The Seoul composite index rose 70 per cent last year, and property prices have doubled in some parts of Seoul over the

The growing gap between the "haves" and the "have nots" has worried the Governwindfall profits on land sales.

false name accounts, A capital gains tax may also be levied.

The changes have been welcomed by professionals in the securities business as a big

known as "big hands. The likely short-term effect of the measures is not yet clear, however. The stock market has been relatively weak for the past few months, due mainly to a shortage of liquidity. In order to curb money supply and restrain inflationary tendencies, the Government has directed institutions to hay trillions of wons worth monetary stabilisation

financial sophistication

Maggie Ford on plans to upgrade market practices

South Korea heads for

800

1988

OUTH Korean President Roh Tse Woo signed a revolutionary tax and land reform bill this week which will go down in the diaries of investors as a water-

For some, notably the speculators, the change will be greeted with anguish. But for most, the bill marks the beginning of an evolution towards the financial sophistication sppropriate for an advanced

For many years speculative South Korean money has had only two homes. Depending on trends, it swung from securities investment to property speculation in search of capital gains with never a worry about

est year, creating substantial social discontent

ment so much that it has introduced the reform bill to tax The second stage of the bill, to be introduced in a year's time, will aim to regularise the securities market and will ban the system of trading under

step forward in ending market manipulation and curbing the disproportionate influence of a few individual investors

bonds," thus draining funds from the market

South Korea Secul Composite Index

Investors have heen diverted, partly by the gains available in property before the reform hill was announced. Prospects of a flood of rights issues also dampened hopes for a late year rally as supply seemed likely to outstrip

1989

Seoul hrokers have detected signs, however, that the Gov-ernment may ease liquidity in the fourth quarter so as to end the year with the index at 1,000, if not higher. It closed esterday at 932.42. Ministry of Finance officials are thought to be keen to see a market rally by the end of the year in advance of a series of big privatisations planned for early next year, aimed at broadening the

mvestor base. The privatisations, which include part of the Korea Tele-communications Authority, the Korea Exchange Bank and the Citizens National Bank, are expected to increase market capitalisation by Won420hn (\$615m).

Securities firms have now postponed the rights issues until next year and the imminent launch by Sammi Steel of South Korea's first bond with warrant on the Euromarket is likely to raise interest in the opening of the market to for-

Investors ahroad, who will not be allowed to buy into the Korean stock market until 1992, are expected to give a good welcome to the Sammi Steel hond, which will he launched next week. The scarcity of South Korean instruments, consisting only of two closed end funds, five unit

trusts and five convertible bonds, has pushed up premiums, in one case to more than 200 per cent.

Baring Securities, the lead-ing market maker in South Korean instruments, regards korean instruments, regards the premiums as too high at present, reflecting a shortage of supply rather than the market fundamentals. It prefers the Korea Fund — listed in New York and composed largely of blue chip shares — over the Korea Faverre Fund over the Korea Europe Fund, which is listed in London and has a stronger representation from financials.

The convertible bonds have attracted strong interest since the summer, when the Minis-try of Finance said that bond-holders would be given the opportunity to convert and trade the equity before other foreign investors.

Details of the market open-ing in 1992 have not yet been revealed but most analysts believe that the amount of trading allowed by foreigners is likely to be strictly regulated at first to avoid big inflows of foreign funds and a potential dilution of control.

The South Korean authorities are determined to avoid creating the kind of "casino mentality" seen in Taiwan where speculation is rampant and the market is overheated whether it is driven by local or foreign investors.

Along with the modernisation of the stock market, they are reorganising the banking system with the deregulation of interest rates, the introduc-tion of a call money market and the reduction of restrictions on foreign exchange trad-

ing.
By 1992, the Government hopes that a modern capital market will be in place, along with a fiscal and budgetary system to iron out inequities in the distribution of wealth.

Few would have thought that South Korea, the most junior of the north east Asian countries, would be the first to modernise its system, which in three years will be more recognisable to a London broker than that of Japan. It is yet another example of the feeling in South Korea that aiming high and running fast is the key to international success.

Hoechst dropping DM5.10 to

ASIA PACIFIC Nikkei rebounds on US rate hopes

HOPES of lower interest rates in the US raised spirits in Tokyo, and share prices Sharp, the consumer electronrebounded although trading was thin, writes Michtyo Nakamoto in Tokyo.

monetary policy combined with the yen's firmness in early trading to take the Nikkei average up in the morning session. It finally closed 320.97 higher at 35,116.02 with the help of new index funds, just under the day's high 35,118.96; the low was 34,844.16. Advances outnumbered declines by 645 to 305 while 172 issues were unchanged.

Turnover fell to a paltry 575m shares from the 632m traded on Thursday. The Topix index of all listed shares por a gain of 22.94 to 2,646.54 and, in London, the ISE/Nikkei 50 index rose 2.58 to 2,042.50. initially, Tokyo was relieved

by news that the New York Federal Reserve Bank was leading Federal Fund rates lower, and that analysis in the US took this to indicate that US financial authorities were easing monetary policy. Rumours spread that the US would lower its discount rate, and soon.

However, investors were still tentative, as the lack of volume indicates. Those who were buying showed particular interest in high technology issues with

NATIONAL AND

good earnings and low price/

Puji Film topped the most actives list with 14.5m shares and surged Y200 to Y5,650. ics company, followed with 14.5m shares and advanced Y50 Computer, one of the world's leading digital watch makers, gained Y110 to Y1,600. Investors favoured huoyant sales of Casio's personal computers and its low price.

tively. Elsewhere, Nissan Chemical gained Y48 to Y1,020 in active trading, partly on speculative interest and partly on the strength of its development of an insecticide against ticks, a problem which is spreading in New York and on the northern Japanese island of Hokkaido. Heavily-capitalised stocks, the steels and shipbuildings, gained on bargain hunting. Mitsuhishi Heavy Industries rose Y20 to Y1,030 and was third in volume with 13.9m

some recovery in Osaka where

to Y1,600 during the day. It

Sony firmed Y140 to Y9,440. The issue was considered a safe buy due to its good earn-ings and because it has been recommended by the major securities firms as a market leader for this term. Canon and Toyota, however, suffered profit-taking with both down Y30 at Y1,940 and Y2,790 respec-

Buying enthusiasm showed

THURSDAY OCTOBER 12 1989

Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities Limited. 1987 Latest prices were unavailable for this edition. Markets closed October 12: Malaysis and Spain.

the OSE average gained 204.60 points to close at 36,082.43. Vol-ume stepped up to 69.7m shares from the 55.3m traded on Thursday. Tenbakimoto Precision Products, a large maker of ball bearings, surged

Y240 to Y2,740.

ELSEWHERE, performance was mixed, but with buying and selling apparently running in series throughout the

AUSTRALIA posted its first gains of the week as the Australian dollar declined, overseas investors came in and the All Ordinaries index closed 1.5 higher at 1,741.9 on the day, still 1.8 per cent down over five Turnover climbed to 143m

shares valued at A\$271m, its high of the week, from 97m and A\$213m. While resource stocks were the focus of trading activity, the main feature was the 25-cent recovery, to A\$15.10, in News Corp, which had plunged A\$1.60 in the pre-vious three sessions due to pessimism over profits and the possibility that News might bld for MGM/UA Communications

HONG KONG declined for the third consecutive session. The Hang Seng index fell 11.15 to 2.782.30, a loss of 1.5 per cent on the week, in turnover down from HK\$1.1bn to HK\$796m. Consolidation of recent gains

WEDNESDAY OCTOBER 11 1989

and China's refusal to take back illegal immigrants across the Hong Kong border have outweighed the Government's announcement of a HK\$127bm infrastructure package this week - partly because the new surport, port, road and rail

links were anticipated well in advance of the news. SINGAPORE, in contrast, had its first decline in three days as profit-taking eroded early gains. The Straits Times industrial index fell 3.97 to 1,427.88, a rise of 1 per cent on the week and 3.8 per cent on the fortnight.

MANILA saw its composite index rise 24.05 to 1,288.62 in trading which moved from merely active to hectic. The death of former president Fer-dinand Marcos has not been the destabilising influence which some feared, and pent-up demand from local investors has taken the market up by 6 per cent in each of the

past two weeks. Yesterday's announcement that the Philippine Telegraph & Telephone Corp intends to list 187.9m common voting shares on the Manila and Makati stock exchanges might be seen as an indication of confidence in the level of share

TAIWAN declined slightly, the weighted index closing 21.33 down at 10,272.33 after a 975.9 rise during the previous five sessions. It ended 7.6 per cent higher on the week.

SOUTH AFRICA

GOLD shares closed firmer in Johannesburg as the bullion price held steady. Vaal Reefs rose R1 to R314 and Western Deep R2 to R129.

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FT-ACTUARIES WORLD INDICES

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REGIONAL MARKETS												
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency index	Day's change % local currency	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)
Australia (85)	153.26	- 1.9	146.50	132.83	-0.9	4.97	156.27	150.00	134.00	160.41	128.28	142.85
Austria (19)	169.74	-1.2	162.26	168.30	- 1.8	1.45	171.78	164.89	171.33	172,22	92.84	91.32
Belgium (63)	142.67	-0.1	136.37	141.26	-0.7	3.92	142.74	137.02	142.21	144.47	125.58	125.92
Canada (122)	153.17	+0.0	148.41	130.38	+0.0	3.15	153.18	147.02	130.37	154.17	124.67	122.92
Denmark (36)	200.34	+0.5	191.50	202.65	-0.1	1.57	199.29	191.31	202.82	219.89	165.35	736.85
Finland (26)	126.06	+0.9	120.52	114.86	+0.7	2.41	124.91	119.90	114.09	159.18	123.12	117.33
France (126)	137.13	+0.8	131.08	139.17	+0.4	2.71	136.28	130.80	138.67	139.94	112.57	101.64
Mant Company (97)	100.93		96.48	100.12	-0.3	2.05	100.79	96.75	100.39	103.84	79.58	82.42
West Germany (97)		+0.1		117.86	-0.8	4.79	118.54	113.79	116.82	140.33	86.41	104,89
Hong Kong (48)	117.57	-0.8	112.39		+0.1	2.76	157.93	151.60	160.27	168.69	125.00	138.74
Ireland (17)	159.00	+0.7	151.98	160.43	+0.1	2.39	91.32	87.53	95.62	96.73	74.97	79.42
Italy (97)	81.65	+0.4	67.61	95.67	-1.4	0.49	181.12	173.92	165.78	200.11	184.22	165.79
Japan (455)	179.41	-10	171 <i>.4</i> 9	163.48	+ 0.0	2.44	208.77	200.40	217.05	209.17	143.35	133.55
Malaysia (36)	209.17	+0.2	199.94	217.06			325.68			326.81	153.32	150.76
Mexico (13)	326.61	+0.3	312.20	930.23	+ 0.5	0.58		312.61	925.76	131.72	110.63	106.24
Netherland (49)	128.39	-0.4	122.73	126.16	-0.9	4.21	128.90	123.73	127.25	88.15	62.64	72.55
New Zealand (19)	79.35	-2.8	75.85	72.52	- 1.7	4.83	81.50	78.23	73.78		139,92	114.08
Norwey (24)	177.58	+0.2	169.75	169.93	-0.1	1.53	177.15	170.05	170.05	198.39		
Singapore (26)	168.26	-0.2	160.84	152.60	-0.5	1.93	168.67	161.91	153.36	170.62	124.57	116.83
South Atrice (60)	152.36	24	145.63	128.57	- 2.4	4.42	158.09	149.84	131.73	160.24	115.35	109.12
Spain (43)	162.21	+0.3	155.08	149.19	+0.0	8.50	161.75	155 <i>.2</i> 8	149.19	189.75	143.14	145.29
Sweden (35)	182.75	0.0+	174.89	176.93	-0.3	1.94	182.76	175.44	177,42	188.94	138.45	126.38
Sweden (33)	89.53	+0.3	85.58	92.83	+0.0	2.03	89.28	85.70	92.85	94.18	67.81	80.42
Switzerland (64)	142.04			135.78	+0.8	4.47	140.33	134.70	134.70	158.41	133.28	133,36
United Kingdom (306)		+12	135.76		-0.4	3.19	145.11	139.30	145.11	146.29	112.13	11238
USA (547)	144.48	-0.4	138.10	144.48	0.4	0.10		100.00	149.11			
Europe (996)	125.73	+0.6	121.14	123.63	+0.2	3,39	125.94	120.89	123.53	132.95	112.63	109.81
Nordic (121)	167.98	+0.3	160.57	158.75	-0.1	1.79	167.54	160.83	158.96	178.38	137.95	118,16
NOTOIC (121)	176.06	- 1.0	168.30	160.50	- 1.4	0.74	177.88	170.73	162.71	194.72	160.44	182.38
Pacific Basin (669)	156.45			145.73	-0.8	1.61	157.19	150.89	146.96	166.98	141.56	141.29
Euro - Pacific (1665)		-0.5	149.55		-0.4	3.19	145.49	139.66	144.18	146.65	112.79	112.93
North America (869)	144.89	-0.4	138.50	143.59			116.00			118.51	96.30	94.74
Europa Ex. UK (690)	116.26	+0.2	111.13	116.29	-0.1	2.66		111.35	118.45	140.05	111,93	121.25
Pacific Ex. Japan (214)	135.72	-15	129.73	123.02	-0.8	4.59	137.72	132.20	124.07		141.49	140.35
World Ex. US (1860)	156.40	-0.5	149.50	145.31	-0.6	1.89	157.15	150.85	145.52	165.35		
World Ex. UK (2101)	151.98	-0.6	145.25	145.87	-0.6	1.98	152.90	148.77	147.09	158.04	136.38	129.13
World Ex. So. Al. (2347)	151.04	-0.5	144.38	145.03	-0.7	2.18	151.73	145.65	146.02	155.92	136.57	129.61
World Ex. Japan (1952)	137.92	-0.1	131.84	135.79	-02	3.33	138.08	132.55	138.04	140.43	114.51	112.11
MCVC) E2. JHJ60 LIBAGI	104 105,	- I	101.04	100.10								
10110 100 100	151.05	-0.5	144,39	144.91	-0.7	2.19	151.75	145.67	145.92	155.89	136.68	129,49

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LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from (ast Thursday's Stock Exchange Official List and should not be reproduced without permission. relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Tallsman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic days is given with the relevant date.

‡ Bargains at special prices. • Bargains done the previous day.

£114% % 16% Ln Sik 2011 − £128% Inco Ld 15%% Una Ln Sik 2006 \$ Rep Opt − £121**0**

- £121Φ
Inter-American Development Bank 0%%
Ln Sik 2015 - 291% 2%
International Bank for Rac & Dev9k% Ln
Sik 2010(Reg) - 291%
8 % Ln Sik 2010(Br£5000) - £91 kΦ
11.5% Ln Sik 2003 - £104% (110c89)
Ireland 10%% Ln Sik 2008(Reg) - £110%

½ 1 %

tand 11 %% Stk 2008(Fleg) -

\$110% Spain/Kingdom of) 11%% Ln Sik 2010/Rag) - £105% % % \$ Sweden(Kingdom of) 9%% Ln Sik 2014/Rag) - £22% (10065) 13.5% Ln Sik 2010/Rag) - £121% United Mexican States 16% Ln Sik 2010/Rag) - £121%

Banks and Discount

No. of bergains included 1443

Ansbecher(Henry)Hidge PLC6% Cm Subord Ln Stk 1998 - 270 (90c89)

ralia & New Zeatand Banking Gp New 1(50% Pd&Fikg 50% Div Till 30/9/80)

- 177 (90c89) ank of tretand(Governor 8 Co c5)7% Ln Sik 86/91 - I£97♥

Sik 86/91 - 1297©
Sik 86/91 - 1297©
Sik 95/97 - 2102 (90069)
Sik 95/97 - 2102 (90069)
Barchaya PLCADR (4:1) - \$31.373954
A9995 (110089)
Barchaya Bank PLC8/% Unis Cap Lin Sik
85/93 - 295 8 7%
12% Unis Cap Lin Sik 2010 - 2102%
16% Unis Cap Lin Sik 2010 - 2102%
16% Unis Cap Lin Sik 2010 - 2102%
16% Unis Cap Lin Sik 2002/07 - 2125 %
16% 158 % % %
Barlaya PLC7%% Curn 1et Pri 21 - 78%
(80069)

Barings PLC7 was continued to [60c89] 8% Cure 1st Prf 21 - 68 (110c89) 8% Cure 1st Prf 21 - 68 (110c89) Commerciant AgCobr(lss Warburg) DM10 - 218% (90c89) Joseph (Leopod) Hidgs PLC93% Uns Ln Sk 57/2002 - 27 (100c89) Lomberd North Central PLC9% Cure 1st Prf 21 - 58 (60c89) F% Cure 2nd Prf 21 - 48 (90c89) Midland Bank PLC7%% Subord Uns Ln 254 20c92 - 254 (100c89)

ldfand Bank PLC7%% Subord Uns Ln Stk 83/83 - £85 (100c69) 10%% Subord Uns Ln Stk 93/98 - £96 14% Subord Uns Ln Stk 2002/07 -

2111%

Misubleh Trust & Banking Corp.Com Sik.
Y50 - Y2674.98921 (60c89)

National Westindrater Bank PLC7% Cum
Pri 21 - 70
9% Subord Uns Ln Sik 1993 - 289%
125% Subord Uns Ln Sik 2004 2104%

2104% % % Hoyal Bank of Scotland Group PLC5%% Cum Prf 21 - 54

Breweries and Distilleries

(110c89) 7½% Cum Pri £1 = 73 3% Red Deb Sik 85/90 — £80 (100c89) 3½% Red Deb Sik 87/97 = £50

(110.08) 6%% Red Deb Sik 67/92 - 283 (90.08) 8%% Red Deb Sik 88/93 - 284 (90.09) 7%% Red Deb Sik 88/93 - 285 11%% Deb Sik 2009 - 2106% % %

(100c93)
81% Uns Ln Stk - 252
7% Uhrs Ln Stk 9398 - 280%
Bess PLC4% Cum Pri 21 - 40 (110c89)
31% Deb Stk 6792 - 279% (60c89)
91% Deb Stk 67932 - 299
10%% Deb Stk 2732 - 299

10%% Deb Sot 2016 - 12%% % % 4 % Use Ln Sit 92/97 - 255
7.5% Use Ln Sit 92/97 - 252.40
Bess Investments PLC6% Une Ln Sit: 86/90 - 255 (110-69)
7.5% Use Ln Sit: 92/97 - 279 (110-69)
Boddington Group PLC95% Use Ln Sit: 200/05 - 270 (110-69)
6.5% Cnv Une Ln Sit: 200/05 - 21780
Butmar(H.P.)Hidge PLC95% Cam Pri 21 - 101 (30-69)
8.5% 2nd Cam Pri 21 - 95/40
Groensi Writtley PLC74* Ord 5p - 26000
.903/40 .903/40
8% Cam Pri 21 - 85 (110-68)
10% Deb Sit: 2014 - 288.95 90 %
8/6 With Une Ln Sit: - 255 (110-68)
Guinness PLCAPR (5-1) - \$47% %

Gulmess PLCADR (5:1) – \$47% % Herdys & Hansons PLCOrd 25p – 968 International Distillers & Vinthers 8% Uns. Ln 90: 67/92 – 258 Macetlan-Glorifvet PLC6% Crv Uns Ln 36: 2005 – 21029©

(10068) Netney Mann & Trumen Hidge PLC3% and Deb Stk - £32 3 7% Red Deb Stk 88/93 - £85% 7% Red Deb Stk 88/93 - £85% 12% Red Deb Stk 88/93 - £166%

(110c85) https://discourses/disco

4%% 1st Cum Pri Stk £1 - 45 (100c89) 4%% Red Deb Stk 99/2004 - £50

4%% Red Deb Stt 99/2004 - 250 (10069)
71% Red Deb Stt 99/94 - 256 (60069)
71% Une Ln Stt 66/91 - 250 (60069)
71% Une Ln Stt 66/91 - 276 (70069)
71% Une Ln Stt 66/99 - 276 (70069)
6% Une Ln Stt 67/2001 - 282% (70069)
105% Une Ln Stt 2000/05 - 291%
6% Strd Une Ln Stt - 240 (110089)
750mg 8 Co's Brewery PLC9% Cum Pri 21 - 100 (110089)

Commercial, Industrial, etc

AAH Hidgs PLC4.2% Cum Pri 21 - 55© ABB Kent PLC8% Uns Ln Stk 88/93 - 583

(100-689)
A.C.Holdings PLC11% Cmv Uns Ln Stk
94/86 - 297 (80-689)
ADT LdADR (10:1) - \$31% & & .65 .65
AMEC PLC15% Uns Ln Stk 1992 - £103

(90c89) Airtours PLC Warrants to sub for Ord - 20

2 (100c89) (bion PLCOrd 20p - 75 (90c89) Ican Alumhaum LdCum Shs of NPV -

24
0/5% Cum Pri 21 - 70 (60c68)
Amon Group PLC5.25p (Het) Cnv Cum
Red Pri 10p - 95 (110c83)
Allied-Signal IncSts of Com Sik \$1 223% (80c68)
American Branda IncSts of Com Sik
\$3.125 - 249% (110c89)
Arcolectrio(14igs) PLCOrd 5p - 112
(110c89)

(110089) securities British Engineering PLC4.9%

usociated Stitish Engineering PLC4.5% Cum Pt 21 - 52 usociated British Foods PLC65% Uns Ln Six 87/2002 50p - 30 (90069) 75% Uns Ln Six 87/2002 50p - 36 9 (100069)

Alled-Lyons PLCADR (1:1) - \$7%

5.351333 d Charlered PLC12%% Subord

Companies

Corporation and County Stocks No. of bergains included0 Greater London Council 6% Sik 90/92 - 255% 9 % [110069]

Birmingham Corp 3%% Sik 1946(or after) - 215 (10069)

Birmingham District Council 11 %% Red Sik 2012 - 2103% (50089)

Glasgow Corp 3%% Ind Sik - 230 1110-99

Glasgow Corp3%% lind Stk - £30 [1 10c89] Leeds(City of) 13%% Red Stk 2006 -2118% **UK Public Boards** No. of bargains includ Agricultural Mortgage Corp PLC7%% Deb Six 01/83 - 284 10%% Deb Six 92/95 - 252% 9 Clyde Port Authority 3% and Six - 225 4% irrd Six - 220

4% irrd Stk - £20 ort of London Authority3% Port of London A Stk 29/99 - £53 LUTIOUTI A SEK 29/99 - 253 cottist: Agric Sec Corp.7 k% Deb Sek 90/92 - 285 % 7% (100c89) Commonwealth-Government

Jersey Electricity Co Ld 8% Gtd Stk 2000 - 290 (100c86) 8% Gtd Stk 2000 - 295 (100c89) Foreign Stocks, Bonds, etc-(coupons payable in London) No. of burgains included 16

Agricultural Mortgage Corp PLC111%% Nts 1994 (Br21000, 10000&100000) - 296% % (110069) % (110c89) - 296%

American Express Credit Corp

5% - \$100% (90c89)

Angle Bulking Society Fig Rate Nts 1996

(Br\$5000\$100000) - \$99.89\$

Angle Group PLC9%* Crw Bds 1999

(Reg) - \$148

ASDA Group PLC10%* Bds

2010(Br\$10000\$100000) - \$98%

(110c89)

(110c89)
4%% Cnv Bds 2002(Br21000&25000) =
2107
4ustralia(Commonwealth of) 10%% Bds
1997 - \$53% % (100c89)
4ustralian industry Dev. Corpn. 10%% Bds
1999 - £92%® 1999 – 292%© erclays Australia (Finance) Ld13%% Gtd Nts 1991(Br\$A10008&000) – \$A95.85 .7

RES 1391(pts/10000000) = \$455.05.5.4 (SOC89)
Berdays Overseas Inv Co BV6% Gtd Bds 1996 (BY1000000) = Y101% ½ (3OC89)
British Ahragys PLC16% Bds 1996 = 288% (SOC89)
British Ahragys PLC16% Bds 1996 = 288% (SOC89)
British Ahragys Plc16% Bds 1996 (SOC89)
British Oxygen Finance BV11%% Cdd Bds 1991 = 295%
Bnost Tolecom Finance BV72% Gdd Bds 1995 (Br\$5000\$6000) = \$100%
(100C89)

(100c89) 6% % Gid Bds 1999 (8/\$5000850000) = unications PLC6%% Nts

S100.2 (Scots)
Stitist Telecommunications PLC616% Nts
1993 – 2506
Center Pares UK PLC516%
GidChvSubBds 1998(de1998(8725000)
– 586% (6008)
Commonwealth Benk of Australia 95% Nts
1992 (Br3C5000) – 3C96 7% (100c89)
Costan Group PLC Dep Wits to procure
sub of Ord Sits – 32 (110c89)
Dixons Group (Capital) PLC616% Chv Gtd
Bds 2002 (Br2S000850000) – 584% 5
(90c89)

(SOC89) Ericsson(LM.)(Telefonaltiebolage()8%% Bds 1981 = \$128% (110c89) Fisher (Albert) Frience N.V.,578% Gtd Ped Care Pri 2004 = 2108 Halfax Building Society9%% Ln Nts 1993 (9Oc89)

#12x Buttering Grands - 290% ½ Fing Rate Ln Nts 1982(Br25000) = \$100.15 (90c89) FingRateLinks 1996(Ber A)(Br25000850000) = £99.95 (100c89)

Hanson Trust PLC10% Bds 2008
(8):5000) - 285 (100-285)
(8):5000) - 285 (100-285)
(8):5000) - 285 (100-285)
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9%% Criv Bds 2004 (Br25000850000) -291% Criv Bds 2004 (Br25000850000) -291% 2 (110089) Leeds Permanent Building Society 10%% Subord Bds 1998 (Br25000) - 291% %

(80c89) Logal 8 General Group PLC12%% Nts 1992 - 997% MEPC PLC10%% Bds 2003 - 885% 8 MEPC PLC 10%% Bds 2003 - 585% 8
(90c99)
Marius & Spenicer Finance PLC9%% Gtd
Nis 1993 - 522 % (50c69)
Morgan Guerranty Tet Co of New York8%
Deposit Nis 1992 - 531% % (50c69)
12% Deposit Nis 1992 - 531% % (50c69)
National & Provincial Bidg Sodety Filg
Pate Nis 1996 (Br55000&100000) 539.80
National Mutual Group Finance Ld 10%
Nis 1993 - 521% (110c69)
National Mutual Group Finance Ld 10%
Nis 1993 - 521% (110c69)
National Westminater Bank PLC6%
SubordEr3ds1980(1988)
Br0M10006F3ds1980(1988)
Br0M10006F3ds1980(1988)

97% Deposit Nts 1991 - \$97% (60c89) 9% Deposit Nts 1992 - £91 % (60c89) 12% Nts 1992 - £98.66668 .79165 Nationwide Building SocietyFitg Flate Nits 1995(3:25000) — 2100.05 (100c89) News International PLC

9%%GitBds1992(Br£100085000)(W/Ou - £87% 8 (100c89) aut PLC5%% Crv Bds 2003 - £97% % (90c89) torsk Hydro AS 12%% Bds 1992 - \$21% 21% (110c89) 21% (110c89)
Peninsular 8 Oriental Steam Nav Co4%%Crv Bds 2002 – 299%
Ranks Hovie McDougali PLC4%% Crv
Bds 2003 (8725000) – 2128 (100c89)
Pediand Finance PLC Zaro Cpn Nts 1992
– 272% (90c89)

Tenown incorporated Warrants to subscribe for Shs of Cern Sik - \$5750 (SOC83) (90065) ainsbury (J) (Capital) Ld 5% Cnv Cap Bds 2004 (8:45) — 2107% (100c69) lough Estates PLC6% Gnv Bds 2003 —

2004 (Srcs) - 210/7/ [100ccs)
Slough Estains PLC+% Criv Bds 2003 -2103%
Smith & Nephew Associated Cos PLC+%
Criv Bds 2002 - 2101 % [11 Oc85]
Smith & Nephew Finence N.V. 91/% Gtd
Red Criv Pri 2004 (Br) - 2114/
Svensk Exportizedit AB 10% Nts
1992(Br)\$50008.10000) - \$102 %

1992(Br\$50008.10000) - \$102 % (60.069)
Tespo PLD 4% Crv Eds
2002(Br\$21000A5000) - £112
THORN EMI Capital NV5%% Gtd Red Crv Prl 2004 (Br\$25000) - £107
Trusthouse Forte PLC1016% Nts
1992(Without Warmarts) - £38% (80.069)
United Blacutes Finance NV5%% Gtd Red
Crv Prl 2003 - £11016.

Sterling Issues by Overseas Borrowers

No. of bargains included 58

Asian Development Bank 10%% Ln Stk 2009(Reg) – 297 Australia Commonwealth of the egith of)9%% Ln Stk

Australia (Commonweath of) 9 k% Ln Stk 2012 (Reg) - 288 k Ф 11 k% Ln Stk 2015 (Reg) - 2103 k Ф Bank of Greece 10 k% Ln Stk 2010 (Reg) -288 k Calsas Centrale De Cooperation Econ 12 k % Ged Ln Stk 2013 (Reg) - 2113 %

Taisse Nationale Des Autoroutes 16% Gad. Ln Stk 2006 – £139% (100c89)

Credit Foncier De France 10'49:GtdSerLnStk2011,12,13,14(Regi – 13074 14%% Gld Ln Sik 2007(Fleg) – £129% 89) kiliGaadom ol) 13% La Sik 2005 —

£111% % %
Electricite de France12%% GM Ln Sik
2006(Reg) - £114% % %
11 % GM Ser Ln Sik 2009/12(Reg) £109% % % % (100c89)
European Investment Banke% Ln Sik ET (1914 % W (100-024)
Europeen investment Bank6% Ln Sik
2001 (Fleg) - 287% W % %
98 % Ln Sik 2009 - 291% % % 2 % %
10%% Ln Six 2004(Fleg) - 295%
(110-289)
11% Ln Six 2002(Fleg) - 2100 1% %
(SOc89)
Finland(Flegublic of) 11%% L Sik
2009(Fled) - 2105% % 6 (110-289) (50008) Iand(Republic of) 11 %% Ln Silk 2009(Reg) — £105% % 6 (110c89) dro-Quebec 12,75% Ln Silk 2015 —

Avon Rubber PLC4.9% Cum Pri 21 - 68 (100c89) B.A.T Industries PLCAOR (1:1) - \$12% % .87 %
B.A.T. Investments PLC 10% Uns Ln Sik
90:95 - £36 (100c89)
10:76 Uns Ln Sik 90:95 - £36 PLC 65% Mg Deb Sik 88:94 - £78%
71% Mg Deb Sik 88:94 - £78%
(110c89)
9ICC PLC 6% 1st Cum Pri Sik £1 - 00
(100c89)

(100c89)
81% 2nd Cum Pri Stk 21 - 64 (100c89)
7% Deb Sik 6590 - 257 (100c89)
7% Deb Sik 6590 - 255
8M Group PLC 4.80 (Net) Cnv Cum Red
Pri 20p - 130%
BOC Group PLC 12% Uns Ln Sik
2012/17 - 2101% % 2% % %
BPB Industries PLC 7%% Deb Sik 88/91 -

SSCO-DECOM Sik Sp - 395 (100c89) BS. G.International PLC12%% Uns Ln Sik S3/98 - 5980 93/96 - 298# ETP PLC7.5p(Net) Cnv Cum Red Prf 10p - 102 5 (100c89) Bardon Group PLC5p (Net) Cnv Cum Red Prf 10p - 111 (100c89) Warrants to sub for Ord - 24 (100c89)
Warrants to sub for Ord - 24 (100c89)
Barr & Wallace Amold Trust PLCOrd 25p
- 985 (110c89)
Barrant Osevalopments PLC6%% Uns Ln
Sts 92/97 - 287 (90c89)
Belleys PLC10% Cam Pri 21 - 100
(90c89)

90089) 9287 PLC8.67% Cum Red Pri 21 - 91% (100c69) 9%% Cav Uns La Stk 2000 – £103 STEP Group PLCNew Ord 10p (Pp1,A-3/11/89) - 124 5 Blackwood Hodge PLC5,75% Cum Pri 21

2101 % %
11 11 % Six 2008(8* 25000) - 2101 %
11 11 % Six 2014(Reg) - 2104 % %
Nova Scotte(Province of) 11 % % Ln Six 2019 - 2105 % (90089)
16 % Ln Six 2011 - 2142 % %
Petroleos Mexicanos 145 % Ln Six 2008 - 588 (60089) -65
9% Curn Red Pri 21 - 91 (110c99)
Bue Arrow PLCADR (10:1) - \$17.4890
490 -5150 -580 -0050 -540 -550
Bue Circle Industries PLC55% 2nd Deb
Sk 1884/2009 - 259% (100c89)
6%% Uns Ln Ste(1975 or aft) - 258 Petroleos Mexicanos 14%% Lin Six 2016 – 938 (50:68) Portugal(Rep ot) 9% Lin Six 2016 (Reg) – 931 % % Province de Quebec 12%% Lin Six 2020 – 2110% (80089)
Beged Group PLCOrd 10p - 60 (90089)
Bedker PLCADR (4:1) - \$27% (110089)
Books Co PLCADR (2:1) - \$2.35 (60089)
75% Uns Ln 6tk 8983 - 255%
Bowster Industries PLC7.75% Cnv Com
Pri 2:1 - 100 × 3 % 15 % 0
Brathweite PLCCnv Pri 50p - 60 2008(Reg) — £110 (110c89) 16%% Lin Silk 2008(Br) — £110 (110c89)

| Company | Comp 2.6 % % h Alrweys Capital Ld9%% Cnv pital 8de – 21.01 (110c89)

9%% Criv Capital Bds (Fp/PAL-20/10/89) - 21.02 | 100c89) 9%% Criv Capital Eds (NE Pd-20/10/89)

9%% Criv Capital Eds (NE Pd-20/10/89)
- 0% % % %
Fritish Alcan Aluminium PLC 10%% Deb
Six 2011 - 250 (90-69)
British-American Tobecco Co Ld5% Cum
Pri Six 21 - 54
8% 2rd Cum Pri Six 21 - 64 (90-689)
British-Ritings Group PLC5.5% Criv Red
Pri 21 - 80 (110-69)
British Six 21 - 84 (100-69)
British Six 21 - 84 (100-69)
Six% Cum 2nd Pri 21 - 55
7% Uns Ln Six 85/90 - 290
British Sixel PLC0rd S0p - 123 4 4 %
3755 % % 8248 % 5 8 % 374 3745 %
% % 8255 8 6 , 126 % % 7
ADR (10:7) - \$19% .58 % % .7
British Sugar PLC10%% Red Deb Six
2013 - 295% % %
Brown 8 Jackson PLC10.75% Criv Cum
Pri 21 - 88 (110-689)

Irown 8 Jackson PLO Pri 21 - 86 (110c88) BrownLjohn) PLC5%% Sec Ln Stk 2008 -Brown(John) PLC5%% Sec Ln St. 2003 - 255% 69 h S Co PLCOrd Stk Sp - 115 20 (110:28) Suzzi PLC7% Gre Uns Ln Stk 95/97 - 278 8

978 8 furndene investments PLC 15% Uns Ln 3x 2007/12 - 2105 6 briton Group PLC Wis to Sub for Ord Sha 1991 - 22 1991 - 22 6% Urs Ln Sik 98/2003 - £80 (60-59) 6% Urs Ln Sik 98/2003 - £85% 6% Cnv Urs Ln Sik 1998/2001 - £103 Cathyrs PLC6%% Cum 1st Pri £1 - 65 (190-58) Canadian Overs Pack Industr LdCum Npv

Cum PT £1 = 34 11% Cum PT £1 = 108 Seitema Bank LdShs of Com 84k Y50 = Y1675.351333 tion Pacific Ld4% Non-Cum Prf Canadian Pacific Library Retrievally 1958g NPV - £14.737312 (80089)
Caparo Industries PLC-8.75p Dividend Cum Red Pri 20p - 157 68 (11008 Cariton Communications PLC-0rd 5p (Restricted Transfer) - 832 5
ADR (£11 - \$27 % 110009)
Catarplier Inc-Shs of Com Sik \$1 - \$250.26 Urs Ln Sik 2002/07 - 2101 ½ %
TSB Group PLC10%% Subord Ln Sik
2006 - 291 ½ % ½ %
TSB Hill Samuel Bank Holding Co PLC8% Uns Ln Stk 8994 - 285 (80c89) Varburg (S.G.) Group PLC7%% Cura Pri £1 - 79 82% (110c89) Caterphier incShs or com-300%® Centreway Trust PLC11% Guts Pri 21 =

100
Chunnel Yumtel Investments PLC50 = 155
Cherter Consolidated PLC2p(Br) (Cpn 50)
= \$8%, p 555
Costs Patents PLC4%% Uns Ln Sik
2002/07 = 251% (110c89)
- 984 634% Uns Ln Stk 200 (110c89) 7%% Unn Ln Sik 90f85 = £80 oats Viyells PLC4.9% Cum Pri £1 - 67 ohen(A.) 8 Co PLCNon.V "A" Ord 20p =

Cohen(A) 8 Go PLC Non.V "A" Ord 20p = 925 (100c89)
Coloroll Group PLC0p Cum Red Pri 2006 10p = 92% (100c89)
Coloron Group PLC7% Cum Pri 21 = 64
Cooper (Frederick) PLC9.5p (Net) Criv Red Cum Ptg Pri 10p = 93 (100c89)
Courtsude PLC7% Deb Stk 89/94 = 287
5%% Uns Ln Sik 94/96 = 278
8/% Uns Ln Sik 94/96 = 273
7/% Uns Ln Sik 94/96 = 276

(110089) ourtruids Coatings Ld 6%% Uns Ln Stk 90/96 - 285% 90/96 - 285% 7.7% Cum Pri 21 - 72% 3% (110c89) Crystalate Hägs PLC85% Crv Urs Ln Six 2003 - 280 9 (110c89) DRG PLC7%% Urs Ln Six 86/91 - 280 66 (110c89) DBGety PLC4.85% Cum Pri 21 - 65 (80c89) es & Metostie PLC*A*(Non.V)Ord 10p

= 198
De Ln Rue Co PLC2.45% Cum Pri Stk 21
- 34 (100c69)
Debenhams PLC7.4% 2nd Deb Stk 91/96 Debarhams PLC714% 2nd Deb Sik 91/96
- 257% (110c89)
- 59% Uns Ln Sik 96/91 - 257
73% Uns Ln Sik 2002/07 - 271 k
73% Uns Ln Sik 2002/07 - 275 (30c69)
Deta PLC4.2% Curn 1et Pri 21 - 50
(110c69)
73% Deb Sik 65/90 - 250 (110c69)
10% Deb Sik 95/96 - 250% (100c69)
Denours PLG6.25% Curn Cnv Red Pri 21
- 129
Desouter Brostleides) PLC5.25% Curn Pri Sit 2005 - 210239

Mansfield Brewery PLC Ord 21 - 485

Moriend 8 Co PLC 5% Corn Pri 21 - 504

Scottish 8 Newcastle Breweries PLC 4.6%

Cum Pri 21 - 85

7% Criv Cum Pri 21 - 186 8 70 70 1%

7.6% 1st Mig Deb Sit 3934 - 2829

Vaux Group PLC 9.875% Deb Sit 2015 - 267

10.75% Deb Sit 2010 - 295%

(100c89)

Descutter Bros(Hidgs) PLC5.25% Cum Pri 21 - 72 (110-659) Dewhurst PLCOrd 10p - 68 70 (90-659) Dickle (James) PLC0rd 25p - 140 (110-659) (110ces)

Dowty Group PLC7% Cnv Cum Red Prf 21 - 122

ES Group PLC5% Cum Prf Stk 21 - 47 (100ces)

Esotis PLC7% Cnv Cum Red Prf 21 - 100 (100ces) 100 (100c89)
Ellis & Everard PLC5% Cum Prt £1 = 45 (100c89)
Bys(Winbledon) PLCOrd 25- (100c89)

(100c69) English China Clays PLCADR (\$:1) = \$18%

Erigitals China Claya PLCADR (\$1) = \$18%

Exac-Guizost Cy Unrestricted A Site FIA10

- FM31% 22. 421 (\$0.69)

European Home Products PLC5% Criv Cum Red Pri 2006/11 21 = 87.78

(100c89)

Euroturnel PLCEurotunnel SA Units (1 EPLC Ord 40p 8 1 ESA FR10) (81) = PR51.79% 52.55% 53% 53.0% 54%

Units (Storvent Inscribed) = FR22% Priode Group PLC7p (Net) Criv Cum Red Pri 10p = 86.7

Exaction Group PLC11.5% Cum Pri 21 = 110 (110c89)

PS Group PLC77% Criv Cum Red Pri 65/99 21 = 110 3 20

Pine Spinners & Doublers Ld4% 1st Mig Dab Six Red = 230 (110c89)

Pisher(Albert)Group PLCADR (10:1) = \$16%

Pisons PLCADR (4:1) = \$20%

8%% Units In Six 2004/19 = 280%
(90c89)

(90c89) Frich Lovell PLC6%% Pri(Cum)21 - 67 First Lover Factors (100:68)
Pluor Corp Core \$0.625 - 223.096732
(100:69)
Folkes Group PLC Ord 5p - 72
Folkes Group PLC Ord 58: £1 - £ Folkes Group PLCOrd 5p - 72 Fortnum 8 Mason PLCOrd Sik 21 - £46

(110c89) osaco PLC4%% Cum Prf £1 = 64% (100c99) 10% Cm Una Ln Sak 90/95 - £150 (8Cc69) Friendly Hotels PLC4%% Cnv Cum Red Pri £1 – 85

Friandly Hotalis PLC4%% Cnv Cum Red Pri £1 - 35
5% Cnv Cum Red Pri £1 - 175
7% Cnv Cum Red Pri £1 - 175
7% Cnv Cum Red Pri £1 - 109
(110689)
GEI International PLC16% Una Ln Sik
67/82 - 288
GICN (United Kingdom) PLC7%% Ged Deb
Sik 67/82(2nd Ser.) - 288 (10068)
10%% Get Deb Six 98/95 - 259
Gealest PLC5% Cum Pri £1 - 45 (10068)
General Electric Co PLCADR (1:1) - \$3.58
7%% Una Ln Six 88/93 - 284 (11068)
Gestetner Hidgs PLC10% Cnv Una Ln Sik
90/95 - 2140 (10069)
Glazzo Group Lof5%% Una Ln Sik 95/95
Sip - 40
7%% Una Ln Six 85/95 Sip - 41
Glyrward trianmational PLC10%% Una Ln
Six 94/96 - 295/96
Goodwin PLC07d (10p - 46
Grand Metropolitan PLC5% Cum Pri £1 49 (110689)
Great Universal Stores PLC5%% Red Una

Ln Sik = 245 (110c89)
6%% Red Uns Ln Sik = 253
8 % Uns Ln Sik 93/98 - 279%
Hawler Saddeley Group PLC5%% Cum
Pri £1 - 53 (110c89)
74% Deb Sik 87/92 - 286% (60c89)
Headlam Group PLC5.6% Cum Pri £1 52 (100c89)
Hewiti, 1, 2 (100c89)
Hewiti, 1, 3 (100c89)
Heggs 8 Hei PLC7% Cum Pri £1 - 89
(100c89)
High Gostorth Park St. Com Pri £1 - 89
(100c89)

(100c89) High Gosforth Park PLCOrd 21 - £46 1/2 (100089)
Honda Motor Co LdShs of Com Sik Y50 - Y1984.93 863.87825 92.588789
Hopkinsons Hidge PLC 5.25% Cum Pri £1 - 85 (90089)
House of Freser PLC 6% Uns Ln Sik 93/98 - \$70 800.890 E70 (90c89) IX% Uns Ln Stk 93/98 - 258 (110c89) PLC&7/% Uns Ln Stk 2001/06 - 258

(90c89)
7 k% Uns Ln St. 88/91 – 285
lesland Frozen Foods Hidgs PLC Criv Curn
Fled Pri 20p – 98 100
Ringworth Morris (Sathaire) Ld 7%
Non-Curn Pri 50p – 34 (100c89)
Johnson & Firth Brown PLC 11.05% Curn Pri 21 - 108 11% Une Ln Sik 93/98 - 291 (60c89)

11% uns Lit Six Six 93 - 231 (80,000)
Johnson Group Cleaners PLC7.5p (Net)
City Curr Red Pri 10p - 138 41
(110,009)
Johnson Matthey PLC8% City Curr Pri 21
- 600 (100,009)
Kenning Motor Group PLC7% Curr Pri 21 - 70

Kropel Corporation Ld Ord \$81 - \$83.04

Kinglisher PLCADR (2:1) - \$10 (80c69)

Kymmene Corporation She FM20

(Unrestricted) - FM106.210 .742

Laird Group PLC6% Una Ln Stk 8893 - 880 (90c89)

Laisure Investments PLC7% Cum Crev

250 (30c55) issure investments PLC7% Cum Crw Red Pri (33/95) £1 - 65**©** p Group PLC4%% Cum Pri £1 - 59% Lep Group PLC4%% Cum Pri £1 - 58% (190c88) Lewis John) PLC7% Cum Pri Sik £1 - 85 (100099) Levis(John)Parinership PLC6% Cum Pri Str. 21 - 49 (100089) Lex Service PLC8%% Uns Ln Str 92/97 -280 280 Liberty PLC6% Cum Prf 21 - 65 (100c89) Life Sciences International PLC6% Cum Cnv Red Prf 21 - 185 (90c89) Lisy (cs) 8 Co Shs of Com Stx NPV -£42.20164 (110c89)

£42.20154 (110ct9) Ligter 8 Co PLC5% Prt(Cum)£1 - 00 (110089) (110:89)
London Crumation Co Ld 10% Com Pri 21
- 100 (110:89)
London PLCADR (1:1) - \$4.15

Lourio PLCAOR (1:1) - \$4.15
10% 1st Mig Deb Sit 577202 - 294%
9% 2nd Mig Deb Sit 57792 - 295%
(10068)
Lookers PLC6% Crw Cum Red Pri £1 86 (11068)
New 8% CrwCumRedPri £1
(FpPAL-20/1089) - 84
Low(Win) & Co PLC675% Cum Crw Red
Pri £1 - 151
Lowe(Robert H.) & Co PLC6%% 1st Cum
Pri £1 - 40
97.7% (Net) Crw Cum Red Pri 10p - 50
Lucas Industries PLC1089) Lucas Industries PLC10% Una La Stk 92/97 - 287 (110/69) McCarrity & Stone PLC8.75% Cum Red Pri 2003 E1 - 86% (50/89) 7% Cmv Urs La Stk 99/04 - 258 61 Magnet Group PLC7.5p (Net) 1st Red Pri 50p - 25

S0p -25
Mangareee Bronze Hidge PLC8%% Cum
Pri 21 - 68 (90c89)
Maries 8 Spencer PLCADR (6:1) - \$17%
70% (100c89)
Mariey PLC6%% Cum Pri 21 - 64
Mecet Leisure Group PLC7-25e (Net) Cnv
Cum Fied Pri 20p - 89 9 86 90 1
Missubish Electric CorporationSist of Com
Six Y50 - Y1046.85
Monsento CoCom Six \$2 - \$118.525 ee Bronze Hidgs PLC8%% Cum

| TOCHES | T ants to sub for Ord - 285 (60cm Charlotte Investments PLC 10%% Mount Charlotte Investments PLC10% 1st Mtg Deb Stk 2014 = 293% % NSM PLC8.5p (Net) Cav Cum Red Pri

NSM PLCS.Sp (Net) Cnv Cum Red Pril 10p = 130 2
National Medical Enterprises IncShs of Com Stk \$0.05 = \$36.7521
Net PLC10W15" Cum Pri 50p = 40
7%% 1st Mig Deb Stk 87/82 = 2504
Normatin Group PLC8%% Cnv Urs Ln Sik 9304 = 2884
Norsk Data AS Class "0" (Non Vig) NK20 = NK38% 9 (100c89)
Northern Engineering Industries PLC11%
Cum Pri 21 = 147 (100c89)
6% Uns Ln Stk 90/95 = 285 (100c89)
Northern Endise PLC7%% Data Stk 85/90 = 291 (90c89)

= 291 (90c69) ceonics Group PLCWarrants to sub for Oceanies Group PLCWarzens to Suo ror Ord = 18 (110c89) Owen & Robinson PLC95% (Net) Crw Cum Red Pri 21 - 96 (110c89) PFG Hodgson Kenyon Init PLCOrd 10p -

150 6.75% Cmv Pri 91/2001 10p - 85 sampoint Communications IncCom Silk \$1 = £37.46 (80c89) artifield Group PLC Cum Red Pri 2010/13 £1 - 90♥ 7% Cum Cm Red Pri £1 - 460 2

(100c99) Paritiend Textile(Hidgs) PLC Ord 25p - 280 Paterson Zochonis PLC7%% Com Pri 21 10% Cum Pri 21 - 100 Pavilion Leisure Hidgs PLCOrd 10p - 98 190 21 5 Paerson PLC5.675% Una Ln Sik 88/93 -

PayMon Letaire Higgs PLCOND Tup = us 190 2± 5
Peerson PLC5,675% Une Ln Sik 88/93 - 275 (90c69) 6.975% Une Ln Sik 88/93 - 275 (90c69) 8.25% Une Ln Sik 88/93 - 275 (90c69) 8.25% Une Ln Sik 88/93 - 275 (90c69) 8.25% Une Ln Sik 88/93 - 235 (90c69) 9.210 (10c69) 9.2125 (110c69) 9.2125 (110c69) 9.20 (100c69) 9.21 (100c69) 9.24 (100c69) 9.25 (200 - 299% 9.25 (200 -

- 30 (60c89) 9% Cum Pri £1 - 85 (90c89) RPH Ld 45% Uns Ln 3tk 2004/09 - £30 (100c89)
0% Urs Lin Sk 99/2004 - 280 (100c89)
Recal-Chubb Ld 9%% Uns Lin Sik 87/92 - 233%
Racal Electronics PLCADR (2:1) - \$7.33
.58.8
Racal Telecom PLCADR(10:1) - \$58%
Rank Organisation PLCADR (1:1) - \$14%

Racel Telecom PLCADF(111) - 300 m Rank Organisation PLCADR (1:1) - \$14% (\$0.099) Ranks Hovis McDougell PLC6% Cum 'B' Pri £1 - 65 (\$0.09) 81% Una Lr Sik 90'94 - 505% (110:65) 81% Una Lr Sik 91'96 - 288% Reserves PLC8.25((Neg CroCxP) 12.5((Neg Pd-18/10'99) - 0% Remers Group PLC8.75p Crv Cum Non-Ang Rad Pri 20p - 103 Recitit & Commer PLC5% Cum Pri £1 -48 (110:69)

Recitit 8 Cotmain PLC5% Cum Pri 21 = 40 (110:69)

Rockware Group PLC7:25% Cnv Cum
Red 2nd Pri 21 = 85

Ropner PLC111% Cum Pri 21 = 115

Rugby Group PLC6% Una Lin Sik 93/36 = 27 (90:69)

Russell/Alexander) PLC5:75% Cum Cnv
Red Pri = 70 8 (110:69)

SD-Scion PLC6.5% Cnv Cash Red Pri 21 = 119 20 20 (110:69)

Warrants to sub for Ord = 50

Sanichi & Sanichi Co PLCADR (8:1) = 515% 37/4/54 A % .624/4/6 % 6% Cnv Una Lin Sik 25/18 = 682 3 4 7 (100:69)

6% Grw Una Ln Sik 2918 – 282 3 4 7 (100-289)
Seinsbury(J) PLC8% Ind Una Ln Sik – 276 (100-289)
Sanderson Marray MEdder@didgs) PLC Ord 50 – 170 6
Savoy Honia PLC-3F Ord 50 – 2172%
Scart Honia PLC-3F Ord 50 – 2172%
Scart Honia PLC-3F Ord 50 – 2172%
Scart Restaurant PLC Ord 12% 9 – 210.3
Sears PLC7% "A" Cum Pri 21 – 60 8 (90-289)
Senior Engineering Group PLC-9.5% Una Ln Sik 51:85 – 280 (100-289)
Shopite Group PLC7% Una Ln Sik 2003/08 – 285 (100-289)
Shopite Group PLC7% Una Ln Sik 2003/08 – 285 (100-289)
Shore Engineering PLC-4% Cum Red Pri 34/86 21 – 73 (90-289)
Smith & Nephew PLC-5% Cum Pri 21 – 500
Smith & Nephew PLC-5% Cum Pri 21 – 500
Smith & Nephew PLC-5% Cum Pri 21 – 500
Smith & Nephew PLC-5% Cum Pri 21 – 500
Smith & Nephew PLC-5% Cum Pri 21 – 500
Smith & Nephew PLC-5% Cum Pri 21 – 500

Smith & Nephew PLC5%% Cum Pri 21 – 500

Smith (W.H.) Group PLC18* Ord 10p – 62

3%% Cum Red Pri 21 – 56 (100c68)

8%% Red Uns Ln Str. ±26

Smith Clam Beacham PLC2ADR (6:1) – \$44

Smith Clam Beacham PLC3Chillithian ADR (1:1) – \$398 % 46 0.915 %

Smith Clam Beacham PLC3Chillithian ADR (1:1) – \$398 % 60 0.915

Smith Clam Pri 21 – \$30.45 (100c68)

Steveloy Industries PLC716% Uns Ln Six (950°) – 2500

Storeloy Industries PLC716% Uns Ln Six (950°) – 2500

Storeloy PLC 97% Con Uns Ln Six 1992 – 258

Storelous PLC57% Con Uns Ln Six 1992 – 258

Scretches PLUS A Co.

208
Subdition Spectomen PLC Wermants to sub
for Ord = 83 (110089)
99% Red Cum Prf 21 = 98% (110089)
Swen(John) & Sotts PLC Ord 25p = 5400

Swire(John) & Sons Ld6.3% Cam Pri 21 – 68% (100c69)
Symbolds Engineering PLC Ord 5p = 39Φ
T & N PLC9% Mitg Deb Six 87/92 – 522Φ
111% Mitg Deb Six 95/2000 – 2100
T & S Stores PLC New Ord 5p – 115
Tarmac PLC68% Deb Six 83/94 – 275% (100c69)
85/% Cum Pri Six 21 – 60 (100c69)
73% Deb Six 83/94 – 291
Taylor Woodrow PLC9%% 1st Mitg Deb Six 2014 – 284%
Telica Hidgs PLC Warrants to sub for Ord – 167

- x890 (1 HORSH)
Tootal Group PLCS% Cum Pri 21 - 45 50
7%% Uns La Six 89/84 - 280
Towles PLCOrd 10p - 247
"A Non.V.Ord 10p - 90 (110c89)
Trataiger House PLC7%% Cum Pri 21 - 68 72 (60c89) - \$260 (1 10c89) cotal Group PLC5% Cura Pri \$1 - 45 50

88 72 (80c89) 8% Uns Ln Stk 94/99 - 290 (100c89) 9% Uns Ln Stk 2000/05 - 237 0 (SOC39)
10 K% Uns Ln Stk 2001/06 - 291%
Transport Development Group Pt.C4-2%
Corn Prf 21 - 56 (100c89)
9 K% Uns Ln Stk 95/2000 - 285
(100c89)
Trinity International Hidgs Pt.C5% Curn Prf
Stk 21 - 53% (100c89)
Trusthouse Forts Pt.CWarrants to sub for

Ord - 103 10.5% Mtg Deb Stk 91/95 - 298 9.1% Une Ln Stk 95/2000 - 293 Unigete PLC3.85% Cum Pri 21 - 55% (100-89) 4.7% Cum Pri 21 - 67 (100-89) 65% Une Ln Stk 91/96 - 270 5% (30-89)

61% Uns Ln Six 91/96 - 270 5% (90-69)
Unitwee PLCADR (4:1) - 241/22
5% Uns Ln Six 91/2006 - 251
5% Uns Ln Six 91/2006 - 276 % 7 % 0
Union International Co PLC6% Cam Pet
Six E1 - 64Φ
7% Cum Pet Six 21 - 72 (90-69)
Unitery Corp Corn Six 55 - 570.894Φ
Unitery Southern Holdings PLCOrd 25p - 56
Vactive Mant PLCOrd 250 - 91

Verdy (Reg) PLCOrd 10p - 91 WCRS Group PLCADR (2:1) - \$10.18 % (50c69) 56% Criv Cum Red Pri 1999 10p - 113 (110c89)
WiPP Group PLC8.25p (Not) Cnv Com Red
Pri 10p - 107 6 8 0 0
Wagon industrial Hidgs PLC7.25p (Not)
Cnv Pig Pri 10p - 107 (110c89)
Wellier 8 Staff Hidgs PLCOrd Sp - 172

(100o89) Walker Greenbank PLC5%% Cnv Gum Red Pri 25p - 78 (100o89) Walker(LO.) 8 Co PLCOrd 25p - 520

Walker(J.O.) 8 Co PLCOrd 25p - 620
(100c88)
Walker(Thumse) PLC Ord 5p - 55©
Ward White Group PLC3.5% Red Com
Pri(48200)51 - 66 (110c89)
Warner-Lambert CoCom Sitk \$1 \$114.622© 5x% 34©
Warmoughs(Fidga) PLC3X% Com Red Pri
2006 \$1 - 90
Wentbley PLC7.5% Cnv Uns Ln Sik 1988
- 253 (110c89)
Westland Group PLC Warnents to sub for
Ord - 58 8
75% Cnv Cum Pri \$1 - 160©
Widney PLC8.76% Cnv Cum Red 2nd Pri
2000 \$1 - 100 (90c89)
Woolcombers(Fidga) PLC72% Com Pri
Sik \$1 - 66 (100c89)
8% Cum 2nd Pri Sik \$1 - 55 (100c89)
Xerox Corpcum Sik \$1 - Ex2.15 (100c89)

Financial Trusts, Land, etc. Aliken Hume International PLC7% (Net)
Cav Curn Red Prf E1 - 99 100
Armour Trust PLC10%% Une Ln Sik 91/96 - £80 (90c89) - £80 (90c89) - £80 (90c89) Baille Giftord Technology PLCWarranta to sub for Ord - 13% Britannia Arrow Hidgs PLCWhs To Subscribe for Ord - 25 32 British & Commonwealth Hidgs PLC10% Una Ln Sik 2012 - 2714 Colomedo Development Capital PLCOrd 21 - 135 (90089) Delly Mell & General Trust PLCOrd 50p -

202% 3 EFT Group PLCWarrants to sub for Ortl = 12 (110c89) on Co PLCOrd Stk 5p - 195 6 Exploration Go PLC-Uno Gos F F & C Enterprise Trust PLCSer B Warrants to sub for Ord = 7 (100:66) Vismants to sub for Ord = 19 (110:66) First Debenhure Finance PLC11.125%

(SOC89)
First National Finance Corp PLC10%
Subord Uns Ln Six 1992 - 592%
(100059)
Govett High income 69th Fund LdPtg Red
Pri 1p = 37.08 (60c89)
Greece Fund LdStn \$0.01 (iORs to Br) \$\frac{21259}{21259}\$
Decoming Warrants to sub for Six -Depositary Warrants to sub for She - : umness Fight Global Strategy FdPtg Red Prf \$0.01(European Fund) —

Had PYT \$0.07(EUROPEAN FURNA — 255.899244

IBH Globel Funds Ld Pig Red PYT
\$0.01(Storling Stos) — 218.8

Pig Red PYT \$0.07(Managed Stos) — 219.52 (90.69)

INCHARDA PLCS% Une Ln Stk 87/90 — 298 (90.69)

10X% Une Ln Stk 99/95 — 297%

690.69)

10%% Unit Lit Six 98/95 - 28/7/ (60C89) 125% Unit Lin Six 93/95 - 2101% International City Hildgs PLC5%% Crv Com Red Pri 21 - 57 (110c89) hory 8 Sime Atlas Fund Sins of NP/United Stutan Portfolio) -21.5/5768 (80C89) Korue-Europe Fund Lid Sins \$0.10 - \$95 67% (110c89) ShqiDR to Br) \$0.10 (Cpn 3) - \$32750 32750 33000

She(i) to Gr) \$0.10 (Cpn 3) — \$3275U
\$2750 \$3000

MM Britsonie, Jersey Gilt Fund Ld Pig Red
Prf 1p — 17% (110cB9)

Manile Fund (Ceyman) Ld Pig Red Prf
\$0.01 — £11% 11% 11% 11% 11% 11%
11% 11%
Mercury Offshore Sterling TrustShe of
NPV(UJC.Fund) — 131 % P
Mercury Selected TrustShe NPV U.K.
Fuxe(Br) — \$21.48 (90-689)
Merzanine Capital&inc Tet 2001 PLC inc
She £1 — 165
NMC Group PLC Warrante to sub for She SIS ET = 100 NMC Group PLC Warrants to sub for She = 809 10 National Home Losne Hidge PLCOrd 15p = 100

7-3% Cnv Pri S1 - 90 % 1 0 CM Court international Reserves Ld Ptg Red Pri \$0.01 (Deutschemark She) -DM65.180P Fund Ld Ptg Red Pri \$0.0

Opono Growth Fund Ld Pig Red Prf \$0.01 (Reg) - \$14\Phi 15\Phi 15.075\Phi Pig Red Prf \$0.01 (\text{Re}) - \$14 (110089) Practical investment Co PLC-Ord 10p - 98 Practical Investment to PLCOrd 10p = 96 (110c89) Remaissance Hidgs PLC8.5% Cmv Une Ln Six 1994 = £100 (100c89) Save 8 Prosper Gold Rund Ld\$0.01 = 20.08127

20.06127
Sacond Mericet Investment Co PLC25/%
Cnv Una Ln Skt 1994 – 292 (100c89)
Smith New Court PLC12% Subord Una Ln
Stt. 2001 – 287 (110c89)
Strate Investments PLCWarrents to sub
for Ord – 54% (100c89)
TR Wordswide Strategy Fund Sicev Shs
NPV (North America Fund) – 136.67
[100c89]
This Investment Fund Ld Ptg Red Ptd ent Fund LdPtg Red Ptd Thei Prime Fund Ld Pig Red Pid \$0.01 - \$11 12% 12% Thei Prime Fund Ld Pig Red Pri \$0.01 -

\$15.3153 (110c89) hallend international Fund Ld Ptg Sha \$0.01 (IDR's to Br) - £15% 18 16% 31 PLC7K% "A" Deb Stk 89/92 - 288 (110689) 714 % "A" Deb Stk 91/94 - 281 % 9% "K" Deb Stk 91/94 - 290 % (90c69) 11/4% Uns Ln Stk 1990 - 298%

(100c89)
Valoe & Income Trust PLCWarrents 89/94
to sub for Ord - 15 8 (60c89) insurance No. of bargains included 434

Alexander & Alexander Services Inc Ste of Clase C Corn Set \$1 - \$20% 20% Commercial Union Assurance Co PLC5% Cum Red Pri 89/2009 £1 - 56 (100c69) General Acc FireELite Asso Corp PLC 7%% Unis Ln Sit 87/92 - £26 (00c69) 7%% Unis Ln Sit 87/92 - £26 (00c69)

(100-69) In Six Scal = 281 in (100-69) Suardian Royal Eachange PLC New Ord Sp = 52.12 (110-69) Guardian Royal Exchange Assurance PLC 7% Uns Ln Six 86-91 = 289 Part Group PLC 61/4 Pri £1 = 125 (90-69)

investment Trusts No. of bergains included 680 Abtrust New Deven law Trust PLCOrd 25p - 142 - 1420
Warrants to sub for Ord - 108
Allience Trust PLC4X% Pri Sit (Cum) - 250% (100c89)
6% Pri Sit - 259% (100c89)
Anglo & Oversees Trust PLC4%% Cum
Pri Sit - 254% (100c89)

Beilie Gifford Shin Nippon PLCWarrants to sub for Ord — 96 7 British Assets Trust PLC-45% Pd Ski(CUM) — 253%; (100c86) Equipes Index ULS 2005 10p — 114

Deb Stk 2011 - 590% C.S.C.Investment Trust PLCOrd 25p -Gentral Gearing Treat PLC Ord 25p - 480 City of Oxford Investment Trust PLC Ord City of Oxdord Investment Trust PLC Ord Inc 5p - 54% (110c89) Drayton Asia Trust PLCUnits(5 Ord & 1 Tst Virt) (FpILA-3/11/89) - 510 5 20 8

30
E-M Dragon Trust PLCWerrants to sub for Oct = 7 &
Ecinburgh Investment Trust PLC3.65% Cum Pld Stk = 258
11 %% Deb Stk 2014 = 2101% 11%% Deb Sk 2014 - £101% English & International Trust PLC10%% Deb Sk 2014 - 294% (100c99) F.&.C. Eurotrust PLC55% Chr Usis Lin Sk 1996 - £290 (110c99) F.&.C. Pacific Investment Trust PLC F.S. C. Papellic Investment Trust PLC
Warrants to sub for Ord - 137 6
F.S. C. Smaller Companies PLC6% Cum
Pri St. - 271 (100c8)
Fifth Throgonomo Co PLC7.25% Cnv Uns
Ln Stk 2008 - 235

Fifth Thrognorium Co PLC7.25% Cnv Una
Ln Stk 2008 – 296
First Scottish American Trust PLC3X%
Cusn Pri Stk – 260% (100c66)
11.5% Deb Stk – 260% (100c66)
11.5% Deb Stk 2018 – 2100
First Spanish Inv Trust PLC Warracts to
sub for Ord – 66 6
Fieming Maccandia Inv Trust PLC3.5%
Cusn Pri Stk 21 – 48 56
4 4% Perp Deb Stk – 256
Fieming Overseas Inv Trust PLC5% Cusn
Pri 21 – 55 61 (100c69)
Fieming Universal Inv Trust PLC5% Cusn
Pri 21 – 558 (100c69)
Gartmore American Securities PLC Zero
Dividend Pri 10p – 61% (100c69)
Gartmore Value Investmenta PLC Zero
Dividend Pri 10p – 61% (100c69)
German Smeller Co's Inv Trust PLC
Warracts to sub for Ord – 156
Glasgow Income Trust PLC Warrants to
sub for Ord – 6 Glasgow Income Tr sub for Ord - 6 ment Trust PLC 10% Deb Sik

2016 - 201% In Trust PLC 10%% Deb Skt 2016 - 202% (BCc86) Lezard Select investment Trust Ld Ptg Red Prt 0.1p Global Active Fund - £11.53 Ptg Red Prt 0.1p U.K. Active Fund -£10.55 (BCc69) 210.55 (90:69) averaged Opportunity Trust PLCZer Cpn Cnv Uns Ln Sik 98/99 – 2350 andon & St Lawrence Investment PLC Criv Unit Lin Sitt 99/99 - 1999-Loadon & St. Lawrence Investment PLC Ord Sp - 118 (80-089) % Cum Pri 21 - 59% (60-089) London American Venturus Trust PLC4%-Cum Pri 21 - 67% (100-089) Mordes Investment Trust PLC11% Deb Sit

Cum Pid 21 – 67% (100289)
Montes Investment Trust PLC11% Deb Sik 2012 – 297%
Mutray International Trust PLC3.9% Cum Pri 21 – 63
Northern American Trust PLC3.9% Cum Pri 52 – 631 (100289)
Northern Indust Improv Trust PLCOrd 21 – 588 401 (100289)
Pacific Horizon Invest Trust PLCOrd 10p – 470 70
Warrents to sub for Ord – 28 (110289) - 479 Pe Warrants to sub for Ord - 25 (110c89) cottleh Cities the Trust PLCOrd Stk 25p - 750 (50c89) cottleh Eastern Inv Trust PLC4%* Cum

Section Eastern Inv Trust PLG4777 Coun Pri Sk = 251 91% Deb Sik 2020 - 288% 122% Deb Sik 2012 - 2107% Socially Investment Trust PLG3.5% Com Pri Sk - 259% (100689) 5% Perp Deb Sik - 245 (90089) Saccrities Trust of Sociand PLC41% Can Pri Sk - 2506 12% Deb Sik 2013 - 2104% 5 (160c89) Shives Investment PLCWarrants to sub for

Shires Investment PLCWentants to sub for Ord - 50-9
TR City of Loadon Trust PLCPid Ord Sid(20% Non-Cump21 - 190 (30-69) 6% Curn 1st Pri Sik - 265 10 k% Deb Sik 2020 - 269 (110-69) Temple Bar Investment Trust PLC4-2% Curn Pri Sik 21 - 73 (100-69) Throgmorton Trust PLC12 516% Deb Sik 2010 - 2100 (100-669) Throgmorton USM Trust PLC5%% Curn Trust PLC5 21 - 180 (100-669)

Pty Cnv Hed Pri 21 - 186 8% Deb Stk 96/99 - 283 (100c89) 8% Deb Stk 2016 - 278% **Unit Trusts** No. of bargains included 22

M.S. G. American Smaller Co's Fund.

Accum Units - 71.90

M.S. G. European Dividend Funding Units = 50.3 J Accom Units = 50 (60c89) M.E.G. International Income Fundinc Units = 72.1

Mines - Miscellaneous Amalgamated Financial Inva PLCWarranta to sub for She - 5 Anglo United PLCCny, Red Pri 10p - 28 (110089) Asaroo IncCom Shk NPV - \$35.488298

Pisichi Mining PLC 10p = 47 (50:089) Sotswarts RST Ld Pu2 = 28 De Beers Consolidated Mines Ld Did R0.05 (Br) (Cpn 83) = \$13% (110:08) El Cro Mining Sentoration Co PLC Ord 10p = 390 Europa Minerale Group PLCOrd 2p - 100 RTZ Corporation PLC3.325% "A" Cura Pri (TZ CORNINGS) £1 = 45 (100c89) 3.5% TB' Cum Pri £1(Reg) = 53 (60c69)

Zambis Consolidated Copper Mines Ld*6* Ord K10 - 140 (110c89) Mines - South African No. of bergains included 54

Barneto Exploration Ld Ord R0.91 – 50 (100689) Coronation Syndicate Ld R0.25 – 16 6 (110068) DAB Investments Ld Ord R0.01 – 290 DAB Investments Lacro Hu.ur - 220 (100ces)
Gold Fields Cost Ld R0.50 - 180 (60ces)
Lindum Reets Cold Mining Co Ld Ord R0.01 - 30 (100ces)
Middle Witweterszurd(Western Arees) 8%
Red Cum Pri R1 - 5
Oryx Gold Heidings LdOrd She of NPV - 110

Oil No. of bergains included 1368 Oil No. of bargaine included 1388
British Petrolicum Co PLC9% Cum 2nd Prf
£1 - 86 8 00
Burrosh Oil PLC6% Cum 2nd Prf Sit £1 ~
(IS (100d89)
71% Cum Rad Prf Sit £1 - 73
Bron CorpSits of Com Sit \$10 \$54.31463 (80d89)
Great Western Resources Inc6% Cnv Uns
Ln Nis 2003 - 250 (S0c89)
LSSMO PLC10% Deb Sit 2009 £55%®

Property No. of bergains included 548 Alinatt London Properties PLC6K% 1st lating Deb Six 96/2001 – 255 (90c98) Arington Securities PLC9W% Curn Red Pri 2008 21 – 105% 6% (110c89) Asia Property Hidge PLC 10 5/16% 1st Mitg Deb Six 2011 – 256K/4 Bratitord Property Trust PLC105% Curn Pri 21 – 110 (90c98) Braticord Property Trust PLC105% Curn Pri 21 – 110 (90c98) Braticord Estate PLC115% 1st Mitg Deb Six 2023 – 258 K 11.75% 1st Mitg Deb Six 2027 – 288 K (100c89) 95% Uns Lin Six 91/98 – 291 Centrovinctal Estates PLC6K% Uns Lin Six 88/93 – 2794 Chartwood Aliance Hidge Ld6K% 1st Mitg Deb Chartwood Aliance Hidge Ld6K% 1st Mitg

SOX 36753 - 12/540 Chartwood Allience Hidge Ld 8%% 1st Mig Deb Six 95/96 - 225 (100069) 7%% Une Ln Six 50p - 32% (100069) Churchbury Estates PLC4.2% Cum Pri 21

71% Une Ln Six Sup - 52% (10059)
(Nurchtury Estates PLC4.2% Carn Pri 21
- 55 (110c80)
9% Une Ln Six 2000 - 270 (60c89)
Darea Estates PLC7.75% Cnv Carn Red
Pri 21 - 67
Great Portaind Estates PLC9.5% 1st Mitg
Deb Six 2019 - 285%
Graycost PLC 12.85% Une Ln Six 98/92 25/4/9 60
Nammerson Prop InvikDev Corn PLCOdd Hammerson Prop Inv&Dev Corp PLCOrd 20p - 835 7 8 207 - 307 / 9 ssiemere Estates PLC 10%% 1st Milg Deb Six 98/2003 - 238% (80-88) 10%% 1st Milg Deb Six 2016 - 290%

174 Land Securities PLC6% 1st Mig Deb Stk 68/63 - 251 (110069) 6 1 1st Mig Deb Sik 93/96 - 272 (80c89) 7½% 1st Mtg Deb Stk 91/96 - 254 (90c89) 9% 1et Mig Deb Sik 96/2001 - £85%

6% %
6%% Uns Ln Sit 92/97 – 278% (90c89)
8%% Uns Ln Sit 92/97 – 228
Law Land PLC 05% 1 st Mig Deb Sit
88/91 - 285 (100c89)
London 8 Edinburgh Trust PLC 88% 1 st
Cura Red Pri 2013 21 – 86 (110c89)
London&Prov Shop Centres(Midga)PLC
10% 1st Mig Deb Sit 2026 – 266% 7
London County Fins 8 Less - 97m54% London County Free. 8 Leas. Prop6%% 1st Mig Deb Sik 86/95 - \$78 (\$0069) MEPC PLC9%% 1st Mig Deb Sik 67/2002 - 192% (110089) 6% Uno Lin Sik 2000/05 - 272 (100089) 10%% Una Lin Sik 2032 - 283%

(110538) 61/16 Chr Une Ln Sitt 95/2000 - \$145 (100c69) Merlin International Properties Ld Cum Fled Chr Pri 21 - 56 (100c69) Mudicav(A.8 J.)Group PLC71/16 tet Migi Deb Sitt 90/95 - 279 (80c88)

Ord 50p - £1.78 (60c89)

1 Excher PLCOrd 50p - £1.85 (100c89)

2 Glencar Explorations PLCOrd lr£0.02 1/2

- £0.4 p 33 4

Grampion Television PLCOrd 10p - £0.73
(100c89)

Guernsey Gas Light Co LdOrd £1 - £5.35
(20c89) (80c85) Hardey Baird PLCOrd 5p = 20.65 0.7 Jarsey Electricity Co5% Cum Pig Prf 21 = 20% (110c85) Jarsey Gas Co LdOrd 21 = 23% Jarsey New Waterworks Co LdOrd 25 = ces 56%
5% Cum Pri £5 - \$2.2 (100c89)
3%% Cum 2rd Pri £5 - £1.6 (80c89)
2% Cum 4th Pri £5 - £0.8 (100c89)
Laughton & Sons Ld 7% Cum Pri £1 540 550
La Riche's Stores Ld Ord £1 - £3.9 4 4.01
4.1 (80c69)

Le Riche's Stores Ld Ord £1 - £3.9 4 4.01
4.1 (90c69)
London Fiduciary Trust PLGOrd 10p - £0.2 0.205
London Wall Hidgs PLGOrd £1 - £3
(50c68)
Milla Britannia International Ld Japan Income & Growth - £2.506
Magnet Group PLC-A* Cav 1p - £0.024
Manchaster United Football Club Ld Ord £1 - £22 (110c86)
Merrett Hidgs PLGOrd 10p - £1.7 (90c89)
National Parking Corp LdOrd 10p - £4.3
(90c88) (90c89) orth West Exploration PLCOrd 20p - 15 (100c89) remount PLC Ord 2.5p - 20.1775 0.18 Peramount PLCOrd 2-07
0.185 (110c89)
Rangers Pootball Gub PLCOrd 21 - 580
Rangers Pootball Gub PLCOrd 21 - 58.43
Southern Newspapers PLCOrd 21 - 58.43 3.45 Sun Oli Britain LdOB Royalty Stk Units 1p. Tadpole Technology PLCOrd 10p - 21 % (100c89) (100c89) Triwates(Deniel)& Co PLCOrd 25p – 22,8475 255 (110c89) Veetabl: Lid'A' Nort V Ord 25p – 25.4 13%% 1et Mtg Deb Six 2000/05 –

Peel Hidge PLC5.25% (Net) Criv Cum Non-Vig Pri 21 - 93 9%% 1st Mitg Deb Sit 2011 - 286% % New 9%% 1st Mitg Deb Sit 2011 -256%@ Peel South East Ld 16% 1st Mitg Deb Sit 2026 - 285 12.5% 1st Mig Deb Stx 2015/20 -Property Security Inv Trust PLC8% Cum Pri 21 - 90 Regis Property Hidgs PLC8%% Gtd Uns Ln Sik 1997 - 232 Ln Sik 1997 - 252
Scottish Metropolitan Property PLC 10%%
1et Mig Deb Sik 2018 - 259% % %
(S0099)
Stewart 8 Wight PLCOrd 21 - 259.1
(1000-89)
Tope Estates PLC 10%% 1et Mig Deb Sik
2011/16 - 266%

Plantations No. of bargains included 11 Angio-Eastern Plantations PLC 125% Uns Ln Sik 95/99 - £30 (60c89) Chillington Corporation PLC Did 25p - 98

Lift sax estays — 150 to the 25p — 98 (11068)
Warrants to sub for Ord = 62 89% Cum Red Pri £1 — 96 (10068)
9% Cum Red Pri £1 — 96 (10068)
9% Cre Uns Lift Six 1999 — £130 consolidated Plantations Berhad\$40.50 Consolidated Plantations Bernad\$M0.50 - 70 (90-69) Dunkop Plantations Ld6% Cum Pri \$1 - 59 Hidden Betate PLCOrd 10p - 154 (90-69) Jitra Rubber Plantations PLC98 10p - 50 Matakoff Bernad\$M1 - 60 PRuo Estates Hidge PLC25p - 420 P

Shipping No. of bargains included 225 Bergeserr d-y AS "B" Non Vig Site NK5 -NK320% 2 NK320% 2 NFC PLCVer Vtg Ord Sp = 251 3 3 4 4 ,745 5 8 8 256 6 Peninsular 8 Oriental Steam Nav Co Warrants to purchase Did Stk = 175 90 214 7

Utilities No. of bargains included 16 CESC Ld7%% Cum Pri Rut0 - 18 PPL Group incShe of Cum Sik \$0.01 -\$32 (60c89) Felicatowe Dock & Railway Co Pri Units -GTE Corporation Com Sik \$0.10 -GTE Corporation Com Sat. 10 - 241,922962
Jersey Bectricky Co Ld"A" Ord £1 - 475
(110c89)
Mersey Docks & Herbour Co 8% Fied
Deb Six 96/99 - 27/2%
Pacific Gas & Beotric Co 8hs of Com Six \$6 - 212% US WEST, Inc Shis of Com Stik of MPV -246,645806 (SOC69)

Water Works No. of Durgains Included4 Bristol Waterworks Co "4.974(Fmly/7%Maxi)Cont. Ord Stk — 2000 (90c89) East Anglen Weier Co.2.8%(Finly 4%)Cone Pri Se. – 2420 (110c89)

7%% Red Dec S East Surrey Water Co Ord "B" Silk 4.9%(Finly 750Max - 27400 (100c88) East Worcetemather Westerworks Co 2.8%(Finly 4%)(1941)Prf Silk - £100 (60c89)
Essex Water Co.3.5%(Finly 5%)Cone Ord
Sit. = 275 (60c89)
Harrispools Water Co.3.5%(Finly 5%)Mass
Ord Sit. = 2750 (90c89)
Mid Kent Water Co.67% Perp Deb Sit. = 238 (110c89)
Mid-Southern Water Co.2.45%(Finly 37%)Perp Pri Sit. = 2100 (90c89)
5% Perp Deb Sit. = 2440
South Sufficient Material Watersonics Co.

67% Perp Dob Sik — £44®
South Stationarties Waterworks Co
4.9%(Finly 7%)Ord Sik Class B = £790
(110c89)
3.5%(Finly 5%)Ord Six — £790®
Sutton District Water Co7%(Finly 10%)Ord
Six — £2000 (80c89)
Wroutham & East Danb Water Co
4.9%(Finly 7%)Cons Ord Six — £1100®
York Waterworks CoCons Ord Six — £1100®
4.9%(Finly 7% Mand — £1350 (110c89)

Miscellaneous Warrants No. of bergeins included2 Mitsubishi Finance Intil PLCFT-SE 100 Index Warranta 1991 - £4456.06 4850 USM Appendix No. of bergelins included 1247

BLP Group PLCOp (Net) Cav Cum Red Pri 10p - 85 (60c89)

Seckenham Group PLC Warrents to table for Ord - 35® 9% Red Cum Non-Vtg Pri 21 - 90 9% Red Cum Non-Vtg Pri 21 - 90

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Section 25

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Brandon Hire PLCOrd 10p = 74
Brandon Hire PLCOrd 1820.05 = 120.7
New Ord IRE0.05(Fpt.A-2711/88) = 150.7 ED.715 120.72 ED.725 ED.73
ED.74 ED.715 120.72 ED.725 ED.73
ED.74 ED.% p 48% % 50 9 65 6 7 70
Cityvision PLC8.6%(Not) Chy Cum Red Pri Cityvision PLC8.5%(Net) City Cum sees PT £1 = 213 Continental Microwave (Fildgs) PLC8.0% City Cum Red Ptl 2005 £1 = 90 Cooper Clarke Group PLCCrd 10p = 111

(10c89)
Corton Beach PLC7.5p (Net) Cnv Cum
Red Prf 10p - 90 1 (110c89)
Buthy Group PLCOrd 5p - 130 (110c89)
Dewey Warran-Hidge PLC Ver Rate Cnv
Urs Lin Six 1895 - 297
Chested Group Holdings PLCOrd 5p - 73 up Holdings PLCOrd Sp - 73

(110c89)
Thorpic Group PLCSp Criv Red Ptg Pri 200r/05 50p = 75
Transrep Hidge PLCOrd 10p = 55 3 (110c89) (110cs9)
Vistoc Group PLC Ord 1p - 18 20
Vistoc Group PLC Ord
10p - 115 (110cs9)
Westminster Scaffolding Group PLC Ord
10p - 115 (110cs9)
Westwist Garden Centres PLC5.5% (Net)
Orn Can Red P1 21 - 138 40
Xtra-Vision PLC Ord tr20.05 - 121 821.02 XXIII-VIAION PICORD RESULUS - ECT ACTUAL ECT (024 p 90 %4 York Trust Group PLC Red Cum Gray Pri 20p - 70 (1800:89)

The Third Market Appendix Kromagraphic PLC Ord 5p = 18
Warrants to sub for Ord of 5p = 8.
(SOC89)
Medirace PLC Warrants to sub for Ord = 850

Poddington PLC Ord 5p - 74 % 0 5‡ % %‡ Rule 535(2) No. of bergain Atrican Gold PLCOrd 1p - 20% 0.13 (110699)
As England Lawn Tennis Ground Ld Deb 91/95 E2000 - 229000 (60689)
Alliance Trust PLC4% 'A' Pri Sek £1 - 237 Ann Street Brawaries Co Ld Ord £1 -25.95 (60689)
Arsenal Pootball Club Ld Ord £1 - 22625 Arsenal Footbas Guo Lovica - (110689)
Bleesdate Computer Systems PLC Ord 1p - 20.0125 0.0175 (100689)
Channel Islands Corns (TV) Ld Ord 5p - 20.86 (80689)
Conster Trust Ld Ord 25p - 20.9 (110689)
David 8 Charles Publishers PLC Ord 1p - 20.27 (80689)
Dawoon(Ventach) Hodgs Ld Ord 10p - £2% (80689)

RULE 535 (4) (e) Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are n recorded in the Official List.

ACMEX Holdings 75+ (9/10)
Aust. Foundation Inv 83-AS3.714
Beach Petroleum 7,AS0.154 (11/10)
Berary Enterprises 58.155+ (9/10)
Boral Ord Stk AS4.0441 (9/10)
Durchill Resources AS1.0504 (19/10) Boral Ord Stk AS4.0491 (9/1.0)
Charchill Resources AS0.0894 (10/1.0)
City Developments SS4.23918 (1.1/1.0)
Conex Anst AS0.049
Cultus Resources 10411.13
East. Coast Minerals AS0.0495 (1.0/1.0)
Ferrest Laboratories ES5.34 (10/1.0)
Haoma Morth West 2.5 (6/1.0)
Harland Liobas H) Co S22.90324
Haw Par Brost Int (Stinganger Haw Par Bros Int (Singapore reg) 582.9.2.9562.2.97098 (11/10) \$\$2.9.2.700.2.770 Higheold Steel & Vanad -\$4.35,R17.00,17.25 Idaho Power Co \$271₂ Jumberlana Minerals ASO.056 (10/10) Kern Corp ASI.5,1.5075 (11/10) Kern Corp ASI.5,1.5075 (11/10) Vanadium Keystone International 518,3754 (6/1 Kullm Malaysia Ord 354 Mageilan Petroleom A\$1,796/794831,7317 (10/10) Magnum Resources A\$2,001 (9/10)

Magnum Resources AS2.001 (9/10)
Malaysian Airline System
M\$10.77294M\$10.8 10.83 (6/10)
Malaysian Plantations 35,8 (10/10)
Motartin Group R17.15 (11/10)
Mount Martin Gold Mines 24 (9/10)
National Electronics (Consolidated 2.54 (9/10) National Constitution (1976)

Niction Resources 29\(^1\)

Nixtor Computers 0M369.376 (11/10)

Noranda Inc \$22.8479,C\$26.895976 (6)(10)

North Filaders Mines A\$2.157 (11/10)

Oil Search \$2833833,34

Overseus Chinese Banking Corp S\$10.98345

Palabora Minelog \$1.495.15.00,R60,1

Portman Minelog 1.5 (6)(10)

Rattgerswerke AG DM664.13 (11/10)

Saopi Ltd \$12.5,12.75 (10/10)

Selangor Properties \$31.72281,1.74,1.7484

C1/100

Sensormatic Electronics \$13.5756 (10/10)

C11/100
C11/10

By Permission of the Stock Emissage Council

THE INTERNATIONAL **DRINKS INDUSTRY**

The Financial Times proposes to publish this survey on:

22nd November 1989

For a full editorial synopsis and advertisement details, please contact:

> Jonathan Wallis on 01-873 3565

or write to him at:

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FINANCIAL TIMES

LONDON STOCK EXCHANGE

Gloomy end to an uncertain week

AN ERRATIC session in a UK stock market unsettled by disappointing news on domestic inflation and a warning from the Bank of England on property lending ended with shares turning lower as Wall Street reacted sharply to signs that the Federal Reserve is now less likely to ease credit policy.

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In the early part of the session share prices edged higher behind a firm pound and in anticipation of an upbeat speech by Mrs Margaret Thatcher to the Conservative Party Conference. However, the market turned back on the announcement that the UK Retail Price Index showed a year-on-year gain of 7.6 per

Accoun	ot Dealing	Dates .
First Dealings Oct 2	Oct 16	Oct 13
Oct 12	Out 26	Nov 9
net Dealinger Oct 13	Oct 27	Nov 10
Oct 23	Nov 6	Nov 20

cent in September, somewhat larger than predicted in the City of London. The early gain of 10 Footsie points was whittled away in the course of the afternoon.
An attempt to move higher

again after 3.30pm, when the market moved into the new trading account, appeared little

more than an attempt to "inspire" the market; whispers of, "another big bid in the mar-ket," found few serious listeners among the traders.

The attempted rally was cut down in late dealings when Wall Street came in 24 points off in early deals in response to the news of a 0.9 per cent rise in US producer prices last month, and of matched sales and repurchase arrangements by the Federal Reserve.

The FT-SE Index closed a net 3.9 points off at 2,233.9. The Index has follow by 43.5 points

index has fallen by 43.6 points, or 1.9 per cent over the past week, and by 65.4 or 2.8 per cent over the two week trading account. Turnover yesterday

was a moderate 457.7m shares ther dangerous hurdles over through the Seaq network, compared with an equally moderate 437.4m on Thursday. Some traders tried to take an

optimistic view of yesterday's performance, commenting that UK equities had held up well in the face of general bearishness, and in particular the warning to the UK banks on property loans delivered by Mr Robin Leigh-Pemberton, Gover-nor of the Bank of England. His words yesterday brought back uncomfortable memories of the secondary banking with of the secondary banking crisis of the early 1970s which was prompted, in part, by a col-lapse in property values. The stock market faces fur-

the next fortnight, commencing with Tuesday's announcement of the latest US trade figures, followed on Thursday by an important speech to City financiers at the London's Mansioo House by Mr Nigel Lawson, the UK Chancellor of the Exchequer.

However, the chief test of UK market confidence will undoubtedly come in the following week with the UK trade figures for September. Expectations are for some improvement in the £2bn currect account deficit for August, but both sterling and equities are likely to react strongly whichever way the figures change.

reflecting growing hopes over its Vietnamese drilling pro-gramme, slipped back 7 to 603p. Dealers said an announcement from the

French Government, revealing

that some \$6bn was being made available for French-

state-owned companies to expand, has been overlooked

by the market Elf-Aquitaine. tha French-state-owned oil

group, has a near 25 per cent stake in Enterprise Oil, and has been widely talked of as a potential bidder for the rest of

the shares in the company.

LASMO, with a big international drilling programme underway, hardend to 517p.

Ultramar contioned to reflect the recent spate of positive bro-

kers' notes on the company;

"The hugely positive aspects of the company's West Coast refi-nery interests will become

apparent in coming months," said one analyst. Ultramar climbed 31/2 more to 340p on

Calor, strong recently on talk of a possible Burman bid, ran back 3 to 427p.
Second thoughts on the pro-

posed self-restructuring at

weaker at 215p, still 13 better than before Thursday's

Bank, through a variety of funds, had bought another

240,000 Scottish Television

shares, underpinned the price.

The shares advanced 6 to 503p and Barclays stake is now 8.24

Upmarket men's clothes retailer Austin Reed continued

the slide set in motion by dis-

appointing fures mid week.

The "A" shares slid steadily to 184p, down 9 on the day and 54

Stores sector gossip moved

announcement, however. The revelation that Barclays

per cent.

LWT Holdings left the shares 8

turnoverof 2.3m shares.

FINANCIAL TIMES STOCK INDICES 89.29 (8/2) 127.4 {9/1/35} 49.18 (3/1/75) 94.85 95.00 97.51 Fixed Interest 93.89 94.23 93.89 105.4 50.53 (28/11/47) (3/1/75) 2008.5 49.4 (5/9/89) (26/6/43) 1815.0 1797.3 1796.7 734.7 43.5 (15/2/83) {26/10/71} 204.7 204.8 206.2 206.2 206.2 (28/9) · (17/2) 1782.6 2443.4 986.9 (3/1) (16/7/87) (23/7/84) FT-SE 109 Share 2233.9 2237.8 2218.8 2218.8 2247.0 1840.5 2426.0 Basis 100 Govt. Secs 15/10/26, Pixed Int. 1928, Ordinary 17/35, Gold mines 12/8/55, Basis 1030 FT-SE 100 31/12/83, ☆ NII 11.03 Ord. Div. Yield Earning Yid %(tutt) P/E Ratio(Net)(*) 4.64 11.69 10.36 10.85 11.11 10.83 10.93 11.03 10.93 10.76 11.20 SEAO Bargains(5pm) Equity Turnover(£m)† Equity Bargains† Shares Traded (ml)† 23,431 832,21 24,313 385,1 30,416 1212,52 30,230 444.6 GILT EDGED ACTIVITY Indices Oct 12 Oct 17 25,312 Gilt Edged Bargeins 84.9 5-Day average Ordinary Share Index, Hourly changes Day's High 1828.1 Dey's Low 1813.1 **SE Activity 1974. Texcluding intra-merket buelness & Overcess turnover. Calculation of the FT Indices of daily Equity Bargains and Equity Value, wes officially Bargains and Equity Value, west officially Bargains and Equity Value, west officially Bargains and Equity Value, very continued on July 25 availables on request. London report and latest Share Index: Tel. 0888 123001. 1 p.m. 1822.2 FT-SE, Hourly changes Day's High 2247.8 Day's Low 2232.1 Open 2232.8 10 a.m. 11 a.m. 12 p.m. 1 p.m. 2 p.m. 3 p.m. 4 p.m. 2232.8 2240.8 2242.3 2237.7 2242.0 2238.3 2241.0 2241.6

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities deaft through the SEAQ system yesterday until 5 pm

Properties under pressure

A poor week for property shares came to a dismal close with a statement from Mr Robin Leigh-Pemberton, Governor of the Bank of England, on the level of bank lending to property companies putting paid to a minor end-week rally in the sector.

Hit in the early part of the week by the recent base rate hike to 15 per cent, growing fears of falling net asset value-sand negative institutional investment in the sector during the second quarter, the sec-tor was steaded slightly late on Thursday and early yesterday by a more encouraging note on the sector issued by Warburg Securities. But the Leigh-Pemberton speech triggered a wholesale slide by the property sector.

Of the leading groups, Land Securities dropped 6 to 518p, MEPC 7 to 511p, Greycoat 11 to 447p and Slough Estates 16 to 299p, British Land retreated 12 to 327p and Fragment Estates to 327p and Fregmore Estates

the sector was news that mar-ketmakers reduced the sizes of the amount of chares they were prepared to trade in the leading stocks in the sector.

Review of STC

The recent big slide in shares in STC, the electronics grouphit by recent profits downgradings by a number of brokers, including Cazenove, UBS Phillips & Drew, and BZW, was arrested as the team at Warburg Securities re-affirmed its profits forecasts for the group and said "the shares have been clearly oversold." Warburgs sticks with £263m pre-tax for the current year

And Hoare Govett, STC's broker, said: "We would be sceptical about the wild downgrades apparently under way earlier this week: we see earnings growth in 1990 and 1991," adding that "no-one can be completely relaxed about the

UK economy next year.
"We could not, however, currently justify slashes in our estimates to the sort of levels seen from other housee, though a really hard landing could change prospects of UK

companies generally."
STC shares have been upset
by worries over cuts in spending by British Telecom, which continued to attract support reflecting a general market perception of the company's defensive qualities. STC shares closed 3 up at 296p. Telecom shares moved up strongly to close 5% ahead at 278%p.

smooth passage at an extraor-dinary meeting of the proposal for British Airways to buy into United Airlines, the US carrier, also did the shares no harm. Mr Mark McVicar, analyst at County NatWest WoodMac, county Natwest woodmac, said that the firmness in the share price following the traffic data was deserved. "The problem has not been the underlying growth, but the delayed delivery of jumbo jets." Deliveries have now started and the ranke we now that the said response. started, and the rapid response in growth "probably even sur-prised British Airways."

Capacity in September rose
4.7 per cent while the load factor climbed 1.7 percentage
points to 77 per cent. This figure was picked out by Ms Jennie Vormeer of the transport nie Younger, of the transport team at BZW, as worthy of par-

ticular praise.
The rise of 8½ in the shares after the traffic figures announcement was eventually whittled away as sharee retreated across the board in the last 15 minutes of trading. BA eventually closed 11/2 better

More disturbing to dealers in building and takeover stories, came back 9 to 637p on turn-over of 3.7m shares boosted considerably by some aggres-sive selling by BZW. Mr Fergus Macleod at BZW says a 10 per cent jump against the market by Burnah is unwarranted and has been due to some clumsy

day.

The buying say Mr Macleod, was most likely from a fund

Airways traffic

ures from British Airways found a ready response from the shares at mid-session. The

management group or SHV, the private Duich group which has a 43 per cent state in Burmah. But BZW reckons even if SHV was the buyer it is not a potential predator because it can't afford Burmah nor are full bids SHV's style. Mr mental outlook for Burmah is to 309p, and Midland 6 to 383p.

Record breaking traffic fig-

on the day at 204p on steady turnover of 1.9m shares. Burmah, buoyed all week on the back of a mixture of stake-

buying on Monday and Tues-

growth in lubricants. changed at 1461.
American buyers returned to the chase for Hanson, which finished 3 better at 216 %p in

strong turnover of 6.8m shares. A leading agency broker was said to be offering lines of 1m shares in Trafalgar House (good volume of 2.7m shares traded by the close) and Argyll. The former weakened 8 to 341p while the latter held steady until just before the close of trade, helped, said marketmakers, by switching ont of Tesco. After recent strong runs, Argyll ended a shade off at 222p, while Tesco weakened 2 to 193p.

Food shares did well generally as dealer said that the big-

Dalgety and Booker both benefited from buying ahead of the ex-dividend date on Mon-

the week was nowhere to be seen yesterday and the shares slipped 4 to 146p. Thoughts that downmarket food retailers might benefit at the expense of their more expensive rivals in hard times helped Kwik Save advance 9 to

of the Bank of England reflecting growing concern over the level of lending to property developere, upset banks as well as properties.

MEN FROMS (31).	
LOANS (2) AMERICANS (3) CAMA	DIAME
(1) BUILDINGS (1) STORES (1) PA	ELINASTRUS.
(1) Ektore DO., MANURANCE (2) PA	rens
(1) TRUSTA (16) MPES (4).	
MENE LOWIS (1995.	
BAITISH FUNDS (2) WARRED (2) TH	S. O. P. D.
(1) BUILDINGS (24) CHENGCALE (
	MG (Z)
POODS (I) BOUSTRALS (II) ASI	3 8b CA.
Pt., Ambarley, Beaveroo, Bentox,	

RISES AND FALLS

			ay .			
	Rises	Falls	Same	Rises	Falls	
British Funds	10	71	23		351	
Corps. Dotn. & Foreign Bonds	3	7	32			
Industrials	268	606	703	1,233	3,874	2,87
Financial and Props	116	228	332	570	1,408	1,38
Ols	19	36	39	151	133	18
Plantations	0	1	10	7	5	4
Minor	25	61	87	188	229	44
Others	43	129	90	372	436	48

dull, with a rising interest charge and slowing volume FT-A All-Share Index

Recent switching out of Uni-lever NV into the plc, made for a glut in the letter's shares. Unilever plc closed 12 lower at 649p on good turnover of 2.2m shares. The NV ended barely

ger than expected rise in infla-tion was partly a result of higher food prices. Cadbury-Schweppes advanced 5 to 382, after 384p, and United Biscuits improved 6 to 366p.

day. They rose a penny to 406p and 3 to 430p respectively. A buyer of Berisford through

539p. "Cheddar, not Camem-bert," observed one dealer.

The speech by the Governor

Barclays were the worst affected of the hig-four, the sharessliding 11 to 494p on 12m, while NatWest gave up 8

NEW HIGHS AND LOWS FOR 1989

MOSE FROME (51).
LOANS (2) AMERICANS (2) CAMADIANS
(1) BUILDINGS (1) STORES (1) PRUSTRIALS (1) Sidors D.L. WALLEAMCE (2) PAPERS
(1) TRUSTA (16) MINES (A).
MEN LOWS (1886.
MAINTSH FUNDS ON BANKS OF INCOMES (1) BURLDINGS ON CHENGGALE OF STORES
(12) ELECTRICALE(16) ENGINEERING (2) POODS (6) BEDUSTRIALE (30) ASD Sp Cv.
POODS (4) MOUSTRALE (30) ASO Sp Cv.
Pt., Amberley, Begveroo, Benlox, Business Tech Brp., Casnon St. Inv., Chestergess,
Added double and have an high annual Break

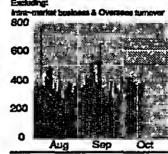
Courtney Pope, Greighton Mat., Eleco, Ehrsick, Forwell, Helle Hornes & Gcina., 1856-Ir. Serv. Syv. "9", Tops., Low & Stoner, NMC 7-Tops. Asc., Rd. Pl., Nobe, Norcros, Perperton, Stelect. Apples, Sheldon Jones, Prinkliften Beschen In. 5092, T.3 Range, Triedas, Tubular Enthos, Welsen, West Ind., Whittengow, Vinney, USSUME, C.) MCTTONS (9) PAPERS (8) PROPERTY (25) SHOES (1) TEXTURE (1) TRANSPORT (1) TRUSTS (9) MRESS (4) THERD MARKET (3).

504 1,137 1,316 2,643 6,509 5,608

· · · · · · · · · · · · · · · · · · ·		JR FMG	av ·	- OII	DIO MG	OH.
	Rises	Falls	Same	Rises	Falls	Same
British Funds	10	71	23	106		61
Corps. Dom, & Foreign Bonds	3	7	32		73	
refusirials	268	606	703	1,233	3,874	2,874
inancial and Props	116	228	332	570	1,408	1,384
003	19	36	39	151	133	182
Plantations	0	1	10	7	5	43
Minos	25	61	87	188	229	448
Others	43	129	90	372	436	486

1200

Equity Shares Traded



In merchant banks a SG Warburg picked up 7 more to 417p, after 420p, but Morgan Grenfell retreated 7 to 399p. Union Discount held at 555p

after news that IEP, run by Sir Ron Brieriey, the new Zealand entrepreneur, had increased its holding from 25.43 per cent to 26.1 per cent. First National Finance, where dealers spoke of a large line of stock on offer, fell 4 more to 208p stil upset by the recent rise in interest

Pearl Group were well supported as the new account got underway, the shares adding 4 to 640p on speculation that any counter to Australian Mutual Provident's 7605p a share hid will come in the new account.

The oil and gas sector continued to outperform the wider market with dealers and spe-cialists again highlighting the recent strong showing by crude oil prices, and the traditional defensive qualities of the energy sector. November Brent, up well over a dollar a barrel during the past week or so, jumped another 45 cents yesterday to end the session

around the \$19.45 mark.
Sector leaders tended to be left behind. BP eased fractionally to 308p, on turnover of 2.4m shares, but dealers said they expected a resurgence of interest next week when BP makes a presentation to US institutions. The presentation is expected to highlight the positive effects on BP of the cost cutting measures recently announced.

Shell gave up 2 to 441p on turnover of 4.1m but remained well up on the week after the recent bout of switching into Shell stock from Royal Dutch. And it was pointed out by dealers that Shell were at a twoyear high against BP. Enterprise Oil, a big winner

in the oil sector in mid-week,

Percentage changes since December 30 1938 based on Thursday October 12 1989

gencies + 48.41	Mining Finance + 20,0
CROFE+ 37.76	
ealth & Household Products + 37.32	
pod Retailing+ + 32.23	
vestment Truets + 31.78	
rewers and Distillers + 31.09	
ther industrial Materials + 26.35	
il & Ges + 28.20	Electronics + 13.5
lerchant Banks + 27.35	Textiles + 124
surance(Life)+ 27.11	Stores+ 12.23
ther Groups + 26.51	
old Mines Index + 26.50	
onglomerates + 28.12	
onsumer Group + 24.20	
00 Share Index + 23.11	Publishing & Printing+ 7.7
dustrial Group + 22.36	
ood Manufacturing + 22.30	
DOS MONTOCONTANT	
Il Share Index + 21.83	
sisure + 21.53	Metals & Metal Forming + 1.0
murrance/Composite) + 20 91	Contracting Construction 3.9

| 1500 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 | 100 1,900 4,905 1,300 387 4,103 943 2,500 1,900 1,40

Dealers' favourite story was that there was about to be a management buy-ont of the company's pharmaceutical division for about £1bn. Second favourite was a more general-ised sell-off of industrial activities. Thoughtful marketmakers tended to play both down. "It's not the right atmosphere for buyouts with the market like this," said one. "Besides, although the company might have a cash pile as a result, the stock would then have to be re-rated purely as a store, with-ont a pharmaceutical sector

A week of persistent bid talk over USM-quoted Sock Shop ended with a whimper. The shares fell 7 to 99p as dealers argued that few had taken the suggestions with anything other than a pinch of salt any-

Third-market qnoted ML Laboratories revealed it had on from Thursday's assorted-victims to settle on Boots. research agreement with the

Royal Postgraduate Medical stake in the company. Analysts School and the Institute of expect Ford to announce on Cancer Research, to develop Monday that it has built up a 5 leapt ahead to touch 538p, before easing to 528p, still a net improvement of 33. Fellow third market stock Ma

Braithwaite, the industrial services group, climbed on the news that the company had acquired Holton Air Conditioning for £957,700. Shares rose 17

to close at 315p.

Jaguar moved ahead on continued speculation of a bid war between Ford, which has said it wants to acquire a stake in the British luxury car maker and General Motors, currently in friendly talks with Jaguar

about taking a 30 per cent

schmidt, analyst at Charterjumped 13 to 146p in sympathy.

A positive view of prospects to recover. He said: "I think for Vickers's Rolls-Royce car the share has been undersoid division following an analyst's but the market is now ectering visit on Thursday failed to a more rational phase. Slebe visit on Thursday failed to a more rational phase. Slebe impress the market and the shares ended 3 off at 231p.

Braithwaits that 231p.

Chemists' wholesaler Macarthy continued to advance or vague bid talk from an unnamed West German company, or possibly Lloyds Chemists. Macarthy closed 10 better on 315p. Lloyds improved 2 to

Othar market statistics, including the FT-Actuaries Share Indax, Page 11.

LEADERS AND LAGGARDS

ncies + 48.4	1 Mining Finance+	20,07
DIB+ 37.7		18.83
uth & Household Products + 37.3		18.50
d Recalling+ + 32.2		17.34
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wers and Distillers + 31.0		15.06
er industrial Materials + 28.3	5 Financial Group+	13.58
& Gas + 28.2	D Electronics +	13.51
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yrance(Life)+ 27.1		12.29
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d Mines Index + 26.5		11.18
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sumer Group + 24.2		6.60
Share index + 23.1		7.71
ustrial Group + 22.3		5.45
d Manufacturing + 22.3		4.45
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sure + 21.5		1.01
urance(Composite) + 20.9	1 Contracting Construction	3.97

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Chunge	Yield	Work Work	Month
UK G4LTS	13.500 9.750 9.000	9/92 1/96 10/08	103-31 94-18 93-18	-4/32 -3/32 -8/32	11.85 10.77 8.75	11.76 10.60 9.52	11.09 10.31 9.41
US TREASURY .	8.000 8.125	8/99 8/19	99-22 100-28	-0/32 -7/32	8.04 8.04	8.04 8.02	8.13 8.10
JAPAN No 111	4,600 5,700	5/98 3/07	95.1026 104.0964	0.087 -0.477	5.43 5.25	5.32 5.13	5.28 5.14
GERMANY	6.75D	6/99	97.3000	-0.400	7.14	6.98	6.92
FRANCE STAN	8.000 8.125	7/94 5/99	94.7467 94.9500	-0.318 -0.260	8.40 8.91	9.10 8.73	8.56 8.56
CANADA "	9.500	10/98	99.3750	+0.200	9.60	9.52	9.54
NETHERLANDS	7.250	7/99	98.0700	-0.350	7.53	7.37	7.24
AUSTRALIA	12.000	7/99	91,0483	+0.251	13.68	13.65	13.12
Landon clopins 5	donotes N	W York	morolog s	easion			

Prices: US, UK in 32nds., Others in deci Technical DetaiATLAS Price Source

APPOINTMENTS

Changes at Rothschild

Mr Charles Price, director in charge of N.M. ROTHSCHILD & SONS Manchester office, is returning to London to be responsible for commercial and industrial lending. Mr Richard Bailey, currently head of corporate finance in Manchester, will succeed him. Mr Charles Keay, an assistant director in Rothschild's London banking operation, will head the banking and treasury

KEMPER INVESTMENT MANAGEMENT has appointed Mr Stephen Wallis as an associate director with responsibility for operations and administration. He joins from Fuji International Finance, where he was head of operations of the portfolio management division.

departments of the Manchester office.



Mr Alan Moss (above) is joining EUROBRANDS as its marketing director. He was with Sketchley.

MITTE CONTRACT SERVICES, the facilities management group, has appointed Mr John Astley to the post of national sales director. He was an executive director of Care Group subsidiary CCA Contract Services.

m Mr Michael Wisdom, financial director, has been made deputy managing director of HITACHI SALES

E ST PAUL (UK) has appointed Mr Gerald Levey as finance director of the company and its subsidiaries on secondment from the St Paul Companies Inc of Minnesota. Mr David Larwood is group financial controller and corporate secretary. M HICKSON

INTERNATIONAL has made the following appointments: Mr Alan Nelson becomes chairman of its distributors and surface coatings divisions; Mr Michael Walker is appointed managing director and Mr Nigel Denby, finance director, of Hickson Flooring. Distributors; and Mr Alan Mellor is appointed managing director of the surface coatings division.

Mr Jeffrey Pack has joined the SECURICOR GROUP as group treasurer. He was previously with Motorola, Ingersoll-Rand and IBM.

■ Mr Frank Davies, group chief executive, Rockware Group, has been elected president of FEVE, the European container glass federation.

■ LONDON & CAMBRIDGE PROPERTIES has appointed Mr John Davis as managing director of LCP Properties, its operating company. He was a director of Conway Relf.



Yields: Local market standard

Dr Douglas Munro (above) has been made managing director of the BRITISH TEXTILE TECHNOLOGY GROUP. He cceeds Mr Harry Leach who becomes non-executive chair-

■ BAIN CLARKSON FINANCIAL SERVICES has appointed the following: as managing director, financial services - Mr Paul Barker and Mr David Emptage, oorthern region; Mr John Hustwayte, southern; and Mr David Hughes, Cambridge/Norwich: Mr John Hamments. marketing director, financial planning; and Mr Frank Robinson, regional director, research and technical unit.

STANDARD CHARTERED has appointed Mr Peter Maule as group chief accountant, and Mr David Hunt as group financial manager. Mr Maule was chief accountant, National Westminster Bank, and Mr Hunt was chief accountant Lloyds Merchant Bank.

■ EUROCOPY has appointed Mr Hugh Wilson to the main board as an executive director. He continues as managing director of Equipu, and Purdie and Kirknatrick.

Mecca Leisure subsidiary board posts Mr David Seton and Ms Jane Gray have been appointed to the board of the restaurant and character hotels division of MECCA LEISURE, Mr Seton

will become managing director of Associated Leisure Hoteis on the retirement of Mr Norman Jones in early 1990. Ms Gray is made divisional personnel director responsible for all personnel and training. Mr Roy Coz, Sir Ian McLeod, Sir Keith Stuart, Mr John Walmsley, and Mr Ralph

Aldred have been appointed non-executive directors-designate of SEEBOARD. ELDERS ENERGY GROUP has appointed Mr Mark Visser

as senior London based manager. He was in Singapore overseeing the Asian/Pacific business.



Mr Duncan McKechnie (above) a former executive of the Panel on Takeovers and Mergers, has been appointed finance director of BUSINESS SALES GROUP.

COMMODITIES

WEEK IN THE MARKETS

Supply worries spark surge in lead

LEAD prices surged to fresh eight-year peaks on the London Metal Exchange this week as concern resurfaced about the tightness of supplies.

Cash metal rose by £9.25 a tonne on Wednesday and by a similar amount on Thursday, taking it to £482 a tonne. Yes-terday it closed at £487.50 a tonne, a rise of 230.25 on the

This is the highest level since the end of August, when prices were reacting to the low level of stocks in LMR warehouses. At the beginning of August stocks fell unexpectedly by 6,900 tonnes to 25,650 tounes. Simultaneously an important plant in Sardinia was knocked out of commission by a botler explosion.

Now the market has been rekindled by the prospect of a shortage of the metal in Europe during the period of peak winter demand from battery producers. About 60 per cent of all lead is used in automotive batteries.

Stocks of the metal last week fell by 700 tonnes to 34,225 tonnes - not quite half the level at the beginning of this There is a growing feeling in the market that the problems

at the Sardinian plant -

Samim's Porte Vesme - might

take longer than expected to

Barrier Commission

solve. It might not be back in action until February or March, although it is officially due to reopen in early January.
The plant normally produces
\$4,000 tonnes of lead a year, or
roughly 2 per cent of non-communist world supplies. In addition, the strength of

the US dollar against the pound has boosted the sterng-based lead contract. The starling-based copper contract has had an erratic week, with the market still looking for direction. Recently it has been turning to New York's Comex for a lead, but prices there have been underpinned by a shortage of nearby supplies which is not in evi-dence this side of the Atlantic. "Many London players still don't share fully New York's

However, towards the end of the week rumours surfaced that some 15,000 tonnes of copper was expected to be shipped out of LME warehouses or

optimism as European supplies seem fairly plentiful at the

moment," one trader said early

taken off warrant this week, some bound for the US. In addition to the currency factor the market has been underpinned by continuing

problems on the supply side.

On Monday a Papua New

Guinea Member of Parliament

order to close, for environmen-tal reasons, the Ok Tedi mine operated and owned 30 per cent by BHP of Australia, for environmental reasons.

Later in the week students demonstrated in Port Moresby against Ok Tedi's plan to dump up to 150,000 tonnes of mine waste a day into the Fly River. But the Prime Minister said yesterday he would not stop the dumping.

If Ok Tedi were to be closed,

supplies to Japanese consum-ers would be further affected. The Japanese have already been hit by the long closure of Bongainville, also in PNG, and by the continuing dispute at Canada's Highland Valley. Ear-lier this week, however, talks were restarted at Highland Valley, where miners hava been on strike since July, and there is some optimism that

the end of the dispute is near. A report from W.I.Carr, part of the Indosusz banking group, said this week that the overall impact of these supply disruptions would push copper to fresh records in the coming months. It expects non-commu-nist world mine output to be 400,000 tonnes down on expectations this year at 6.85m

"The copper market could well enter 1990 with stocks at

or below 500,000 tonnes, equivalent to the critical minimum level of three weeks' consumption," says tha report. "The last time inventories fell to critical levels, in October and November 1988, the copper price peaked at \$1.50 a lb." Yesterday cash copper on the LME closed at £1,889 a tonne, equivalent to \$1.34 a lb

and a rise of \$66 on the week.

The currency factor has helped to keep the dollar-based nickel contract down this week. On Thursday three-mooth nickel touched a 12month low of \$9,950 a tonne (4.51 a lb) during trading. Yesterday it closed at \$10,447.50 a tonne cash, a rise of \$77.50 on the week. Three months was \$10,162.50 a tonne, unchanged on last week.

Concern over a possible nearby squeeze took the November contract for robusta coffee on London Fox back above 2700 a tonne on Thursday, when dealers said the open position totalled about 20,000 lots out of a total of just over 53,000. Yesterday November closed at £735 a tonne, a premium of £50 a tonne over the January contract. January

was £27 up on the week.

David Blackwell

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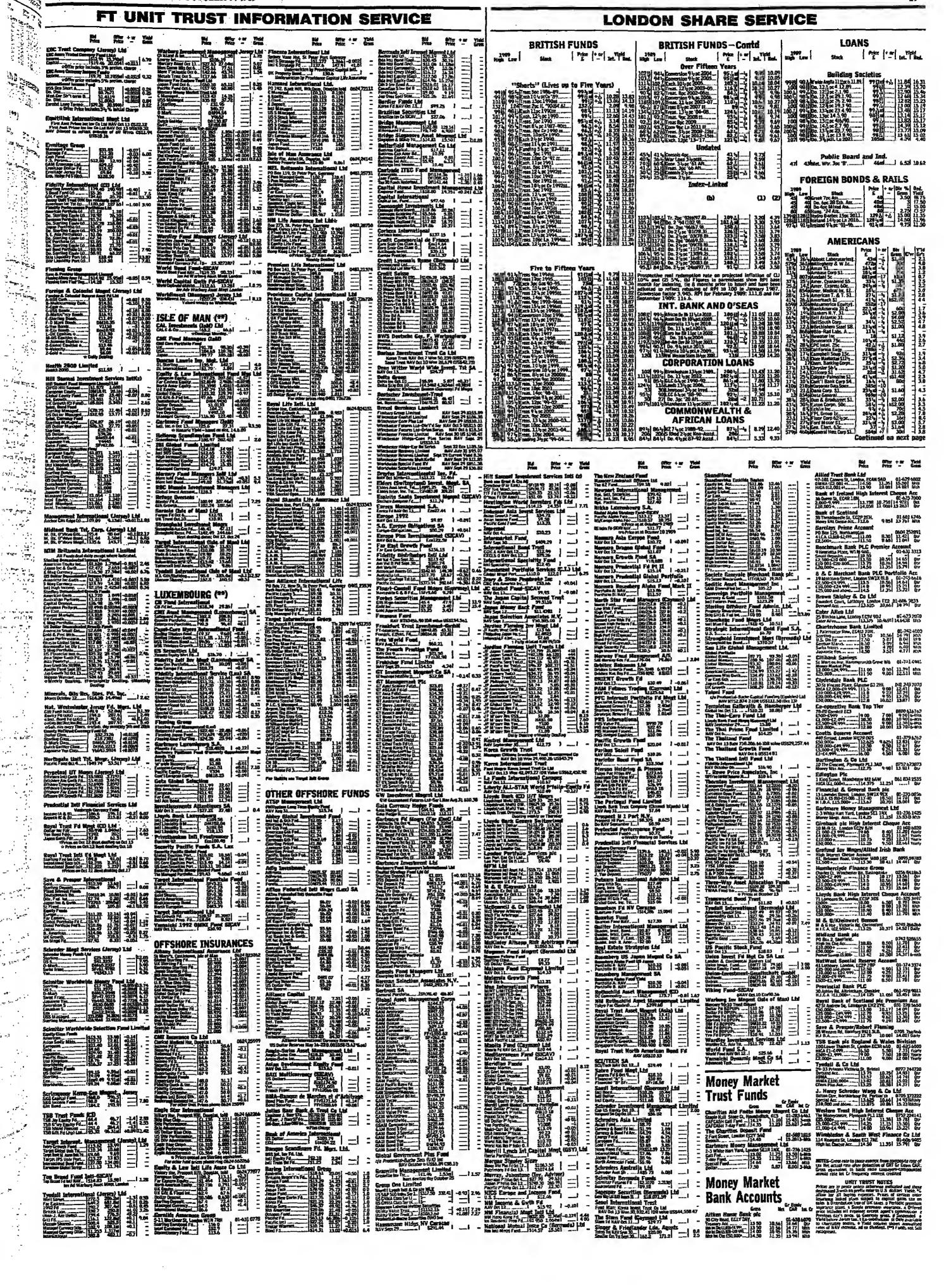
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FINANCIAL TIMES

Weekend October 14/October 15 1989



Friday the 13th computer viruses seen off with high-tech medicine

By Alan Cane

IMPROVED hygieus and rigorous prophylactic mea-sures seem to have beaten the rash of computer "viruses" which were expected to incapacitate personal computers across the world on Friday the

Yesterday's reports of minor disruption at a handful of organisations in Europe and the US were little more than what has come to be regarded as normal in a world cou-stantly on guard against the corruption and damaging of computer systems.

Mr Alan Solomon of S and S

Enterprises, a consultancy with special skills in the detecwith special skins in the deter-tion and eradication of com-puter viruses, said he had received three calls for assis-tance by lunchtime yesterday. Typically, he receives four or five calls daily. Computer viruses are soft-

ware programs which imitate the behaviour of microbial viruses, replicating themselves incessantly within computer systems, filling the available memory space and eventually bringing the system to a halt. They can be set to spring into action on a specific date. The so-called 1813 or Jerusalem virus comes to life every Fri-

AMERICAN AIRLINES is

putting pressure on the US Transport authorities to nego-

tiate changes in the current US-UK bilateral air service agreement before allowing

British Airways to acquire a stake in United Airlines.

AMR, the parent company of American Airlines, the largest

US carrier and target of a \$7.5bn (£4.8bn) takeover bid from US developer Mr Donald Trump, has asked the Depart-

ment of Transportation in

Washington to seek modifica-tions in the bilateral air ser-

vice agreement known as Ber-

muda 2 before allowing BA to take part in the \$6.8 billion

meeting yesterday which over-

current bilateral negotiations

over new traffic rights for US

The move coincided with BA's extraordinary general

UAL buy-out.

By Paul Betts, Aerospace Correspondent

Program of infection -

BA deal prompts call on route access

VIRUSES, of which about 70 are known with names such as Datacrime, Brain, Flu Shot 4 and "Stoned, are particularly pernicious examples of programs pro-duced by III-intentioned software specialists intent on corrupting computer

Other examples are logic bombs, which depend on a particular event — the disappearance of the perpe-trator's name from the pnyroli, for nxnmpin before they are triggered, and "salami" actiware which extracts tiny sums of money from a larga num-ber of bank accounts.

Virusee, however, are almost always confined to the world of personal com-

day the 13th within infected personal computers.

One approach, adopted yes-terday in London by County NatWest, the securities arm of National Westminster Bank, is simply to pretend Friday the 13th does not exist — they turned the clock on their sys-

airlines into Britain and recip-

rocal rights for UK airlines in

the American market.
The US authorities are also expected to complete soon a

review of the UAL buy-out.

After a similar study, they recently forced the Dutch air-

line KLM to scale down its par-

ticipation in the buy-out of

Northwest Airlines.

American Airlines said it was not opposed in principle to

foreign airlines investing in US

carriers but it argued it would

be an error for the US govern-ment to allow BA to acquire a stake in UAL without first

requiring changes from the UK in the bilateral air service accord it claimed the UK had established price and traffic

The move by American Air-

lines reflects the ongoing ten-

ing greater access for US carri-

ers to operate regular services

puters and personal com-puter networks. The security procedures in a company'n mainframe data processing centre usually means that virunen ere trapped before they can

Virunee typically gain access to personal com-puter systems via infected floppy disks, the magnetic storaga media on which programs and data are fed into the computers. Often the offending disks have been illegally copied or borrowed from another

Once inside the system the virus "hides" away, camouflaged by legitimate programs until it is trig-gered into action.

tem forward by 24 hours. Mr Solomon said that among yesterday's victims were a UKbased personal computer manufacturer which had suffered minor damage but which did not want to be identified for fear of damaging sales.

The UK has so far refused to

grant new rights to US atrimes into Manchester airport because it claims the US is not

prepared to allow UK airlines

prepared to allow UK arrines greater access to its domestic market in return.
UK sirline industry analysts suggested yesterday that American Airlines was clearly seeking to use BA's participa-tion in the UAL buy-ont to

bring back to the fore the long

running debate on transatlan-

tic traffic rights.

They also said it reflected concern by some US carriers that European airlines were

trying to get round existing bilateral traffic and price

agreements to gain greater access in the US domestic mar-

in US airlines.

et by acquiring direct stakes

Lord King, the BA chairman.

said after yesterday's extraor-

dinary general meeting that the deal with UAL would give BA access to just under half the world scheduled airline

"Our shareholders have approved an investment in the

National Institute for the Blind whose employment technology unit found programs to trans-late ordinary print into large characters had been affected. The data processing depart-ment of Mid Glamorgan Coun-cil also reported some disrup-

A handful of attacks were reported by companies in the US, France, the Netherlands, Switzerland and Portugal but no serious damage seems to

no serious damage seems to have ensued.

Mr David Frost, of the management consultancy Price Waterhouse; an authority on viruses, said that computer users had taken precantions and the harm caused by the 1813 virus had been very much less than might have been expected. There is now commercially available a wide variety of software which seeks out and destroys viruses. and destroys viruses.

Mr Solomon said virus infec-tion was now only an irrita-tion, not a major problem. "I can never understand why people think it is all right to run out of computer paper but not all right to he infected with a virus. The disruption is the same and it takes about the same amount of time to put matters right."

world's largest travel market

the US, a market which US law currently prevents BA from serving," he added. Other major European air-

lines like Lufthansa and Air

France have also complained at what they claim is an unfair

distribution of traffic rights between the European and US

markets. The Association of European

Airlines has also stated that US airlines "enjoy substan-tially more territorial advan-

tally more territorial advan-tages than European carriers."
For its part, American Air-lines has been aggressively expanding its services to Europe. It currently offers around 119 flights a week from 13 European cities to US desti-

The airline, which is seeking

help from the US Congress to

block Mr Trump's hostile take

over bid, also would not com-

ment yesterday on US newspa-per reports that Mr Robert

Crandall, its chairman, has

held talks with the company's

pilot union on a possible buy-out to thwart Mr Trump.

may rule on cuts in spending

ministers

Senior

THE . Government THE Government 18 considering an early move to convene its "Star Chamber" of senior ministers following the failure this week of negotiations between the Treasury and other Whitehall departments to resolve differences over a number of important spending magratumes.

spending programmes.

Mr Norman Lamont, the Financial Secretary to the Treasury, was said yesterday to be still seeking substantial cuts in some departments' spending hids, to come closer to the Government'e overall spending target of just over £170hn in the 1990-91 financial

Ministers at the Conservative Party conference in Black-pool said that several depart-ments, notably Trade and Industry, Energy, and the Environment, had reached deals with the Treasury.

Mr Christopher Patten, the Environment Secretary, who earlier this week secured additional secretary in the secured additional secretary.

tional cash to defuse a row with the Government's own supporters over the commu-nity charge, was thought to have won increases in his budgets for housing and the home-

The Home Office was said to be close to settling with Mr Lamont, having secured extra money for the prison service.

Mr Kenneth Clarke, the Health Secretary, was reported to be approximately service. to be moving towards an agree-ment which would give him more than £1bn extra next year and larger amounts in the following two years to smooth the introduction of his health service reforms.

However, ministers from three key departments – Edu-cation, Transport, and Social Security, which are all seeking large increases in funding next year - have refused so far to accept the cuts sought by the Treasury in their blds

Mr Cecil Parkinson, Transport Secretary, is said to be fighting an attempt by the Treasury to scale down a com-mitment it gave earlier this year for extra funds for the road-building programme. He also wants additional funds to finance new Underground rail

Mr John MacGregor, the Education Secretary, is pressing vigorously for additional money for increased spending on higher education, while Mr Anthony Newton, the Social Security Secretary, is facing Treasury demands for a freeze on child benefit and on other discretionary benefits.

If the Star Chamber - a cab-

inet committee of senior minis-ters — is called to adjudicate, it will be chaired by Sir Geoffrey Howe in his new role as Deputy Prime Minister and Leader of the House of Com-Other strong candidates to

sit on the committee are Mr Nicholas Ridley, the Trade and Industry Secretary, and Mr John Wakeham, the Energy

Secretary.

If he settles his remaining small differences quickly, Mr Douglas Hurd, the Home Secretary, would also be a candi-date.

Inflation

Continued from Page 1

per cent. The Treasury stood by its assertion that inflation reached its peak in May when it was 8.3 per cent. On Thurs-day, Mr Lawson told the Conservative Party conference in Blackpool that inflation would

However, Mr Michael Meacher, shadow employment secretary, said after yester-day's figures that inflation above 8 per cent in the next two months. "This will inevi-tably fuel the demand for pay rises in the autumn pay round, but also sets the stage for unemployment to rise by the end of the year.

The CSO said the outlook for retail prices was mixed. It said the next set of inflation fig-ures would fall as the onepoint rise in mortgage rates from October 1988 dropped out of the retail price index.

However, the index would rise again in November when the latest increases in mortgage rates were added to the index. Earlier this week Hali-fax and Abbey National, Britain's two biggest lender to home owners, raised their mortgage repayment rates.

The pound recovered from its earlier fall and closed the day in London 4 pfennig lower at DM2.96.

THE LEX COLUMN Old allies and old problems

Yesterday's inflation figures from the US and UK illustrate that the two economies have more in common than trade deficits. Both hover between inflation and recession. GNP growth is set to slow on both sides of the Atlantic and forecasts for earnings growth in 1990 are low. The consensus for the UK seems to be settling at the UK seems to be settling at 5 per cent, thanks mainly to overseas income. In the US, though estimates vary wildly, it may be 1 per cent. But the two equity markets have decoupled over the past few weeks, the Dow reaching new peaks while the FT-SE has been sandbagged by the trade deficit and base rates.

Those watching the results season might find this a little odd. Profit warnings in the UK seem to have been confined to

seem to have been confined to the small company sector, whereas in the US had tidings have come from such as Chrys-ler and IBM. But the key to the relative market performances lies in interest rates; the US has enjoyed low rates and a strong currency, whereas the UK is suffering the reverse. Partly this is because UK inflation, in spite of Tory rhetoric, has remained higher than the developed world's average dur-ing Mrs Thatcher's administra-

tion.

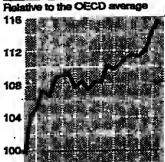
Whether the US can continue on its sunny path is more donhiful. The differential between US and German money market rates is only 50 hasis points and the producer price index figures show that the Fed is likely to abandon thoughts of easing. After all. thoughts of easing. After all, the US still has the trade and budget deficits to finance, and the leveraged buy out bonanza means that any sign of a rise in rates would have a more than normally depressing effect on Wall Street. The indices are more likely to get back together at London's lower lev-

Property lending

The last time there were major problems in the UK property market the Bank of England scarcely excelled itself, so the Governor's latest warning about the perils of such a highly geared industry is overdue. The speed with which the banks have been increasing their exposure has been obvious for some time. Although an abrupt halt to new lending could worsen the sector's problems, it is surprising that quiet words from the supervisors have not done more to curb the growth. When the Governor has to stand up

FT Index fell 2.7 to 1.815.0

UK Inflation



1979 81 83 85 87 89

and sound a public warning, there must be a problem.

It would be wrong to draw close parallels with property problems of the mid-1970s. The UK economy is not in reces-sion, the UK clearing banks are nowhere near as exposed and all sorts of clever instruments have been invented to lay off interest rate risks. However, real interest rates are very high; if the current downturn is prolonged for much more than a year, it will prove a real test of the meaning of non-re-course lending which makes up such a big part of all prop-erty finance these days.

UK property

Even without Mr Leigh-Pemberton, it was hard to foresee much but melancholy for property shares. This autumn has been one gloony item after another and share prices have responded in kind. Their downward lurch was bad enough when an estate agent, Savilla, turned an unlikely bear in mid-September on the overmid-September on the over-supply of second-hand City of London office space. A base rate rise drove a deeper nall in the coffin; the news that pen-sion funds and insurers pulled out of property to the tune of a net 1225m in the second quar-

ter was no better.
So yesterday's fall was a troubling sign of just how much the stock market's nerves have frayed. After all could still knock 4 or 5 per cent from the shares of the development companies, such as Rose-baugh and Speyhawk, and dent the august likes of MEPC. Interest rates and fears that over-borrowed private companies will dump properties are only two of the anxiety factors, at their most acute over developers with a large City expo-

The trouble is that the fun-damentals have been worsen-ing more broadly. The City is a case in point. Any property magnate will rightly tell you it is a bundle of sub-markets, and generalisations are rash. But it is slightly troubling that large is slightly troubling that large law firms are apparently that only group of customers with insatiable appetites for the 14 per cent of City space expected to be available in mid-1990. When you have to rely on solicitors to shore up the prop erty market, something must be wrong somewhere.

BA/UAL

British Airways did not have much difficulty yesterday per-suading its shareholders to back its \$750m investment in UAL But the weakness in the latter'e share price suggests that the deal is still far from done, which may be no lead thing for BA's shareholders in the end. Although the offer is supposed to be completed in less than a fortnight, saveral hurdles still lie ahead.

For a start, there is no telling how the opposition of the machinists' union and rival machinists, union and rival carriers like American is affecting Washington's attitude towards the deal. The experience of KLM is not encouraging. While BA will doubtless argue that its deal is structured very differently, its success, depends on political cess depends on political whim, BA's Lord King is a veteran of many Whitehell battles, but even he is a relative novice when it comes to Washing the control of the control ington political infighting. The growing problems in the US leveraged buy-out market are not the best backdrop against which to renegotiate the finan-cing, if some of the lenders begin to lose their nerve.

Although there are sound commercial and strategic reasons why BA needs to get involved with UAL, it is paying a high price. A multiple of 16 times UAL's prospective earn-ings can only be justified if the rosy projections about a highly leveraged UAL are borne out. The long strike at Eastern has clearly helped UAL's recent recovery. But there is no knowing what will happen to fuel prices. Though business is gravitating lowards the bigger US airlines, it takes a leap of faith to justify a substantial long term improvement in profitability. Highly leveraged airlines may be under even greater pressure to maintain volume by cutting prices, especially during a recession.

whelmingly approved the air-line's plan to invest \$750m to sions between US and Euroacquire a 15 per cent stake in pean airlines over increased UAL, the second largest US access into their respective carrier after American Air-In particular, the US is seeklines. It appeared designed to raise the temperature in the

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm) Rises				PARIS (FFrs)		
Conti Gummi 34	0.5	+	7	Codetel 188.9	+	12.7
Falls		•	•	Europe No 1 926	÷	36.4
Bayer Verein, 37	7	_	10	SAT1370	÷	56.2
Delmier 76		_	16.5	Palis	-	
Hypobank40		_	S	Pechelbron 1625	-	60.S
RWE 32	8	_	7	Spie-Batignoles 761	_	37.1
Schering 79		_	16.5	Via Banque 412	_	17.3
MEW YORK (\$)				TOKYO (Yes) Rises		
AMR 9	95	+	ጜ	Ashimori Ind1200	+	170
Aristech Chem 2	72	+	414	Daito Gyorui 1190	+	200
	\$ 12		14	Unozawa-G. Iron . 1540	+	200
Wash'ton Post 8 30	915	+	412	Palis		
Falls		-		Nilgata Kairiku 1100	_	100
Chemical Bank 3	75	_	15	Oriental Photo 1140	_	110
UAL 27	912	_	5-2	Takiron 1260	_	120
New York prices as	at.	12.3	Open.			
LONDON (Pence) Rises				STC 296	+	3
Boots 28	1	+	5	Warburg (S.&G.) 417	+	4
Braithwaite 31	5.	+	17	Falls		
Brit. Telecom 27	3.5	+	31 ₂	Austin Reed A 184	Ξ	e.
	C4	+	e	Brit. Aerospace 585		11.:
			44	007	_	Φ
Eilis & Everard 20 Jaquar 67 M.L. Labs 52	7	++	14 33	Burmah 637 Enterprise Oil 603	Ξ	e 7

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Knighton censured for Manchester Utd bid

By Richard Donkin MR MICHAEL Knighton, the

property developer who earlier this week abandoned his £20m was censured yesterday for breaching takeover rules. The Takeover Panel, the UK watchdog on bids and deals, found that Mr Knighton had breached part of the code which insists that an offer for a public company should be announced only after careful and responsible consideration. It criticised Mr Knighton for announcing the bid for the football chib through his take-over vehicle, MK Trafford Holdings, without having made any prior consultations with independent corporate advisers or taking any legal advice

The code is designed to protect company shareholders from mischief-makers and companies that announce takeovers when not in a position to

do so. Yesterday's criticism, however, was made in the panel's belief that Mr Knighton was acting honourably, if not cor-rectly. It said it did not propose further action. His public relations consul-

tants said yesterday that Mr Knighton expected the criti-cism. They said: "It was a mild rap over the knuckles for not doing things exactly the way he should have done. He was quite pleased that it didn't cast doubt his ability to do the deal."

The panel did, however, voice reservations over the deal. It said the takeover announcement made by MK Trafford Holdings was issued "without adequate consider-ation of whether MK Trafford Holdings would, in fact, be able to conclude the transaction in the manner that it intended." Manchester United is an unlisted public limited com-

pany governed by Stock Exchange rules. While allowing the 3,000 shareholders to deal privately, the rules insist that anyone launching a take-over hid must be able to buy the full share issue.

Mr Knighton originally had until midnight on Wednesday to come forward with the £20 needed to buy the club, after Mr Martin Edwards, the club chairman, had agreed to sell Mr Knighton his 50.06 per cent majority stake for £10m.

Thatcher Continued from Page 1

Speaking about the opposi-tion parties, she singled out Mr Kinnock's shift to a multilateral nuclear disarmament as a 'confidence trick," and dismissed in a single sentence the two centre parties - the Democrats and the SDP. They have seen their popularity slump as Labour has taken a lead of about 10 points in the opinion

She also contrasted the dismantling of socialist institu-tions in the Soviet Union and Eastern Europe with what she said was only a cosmetic change in Labour's approach.

Nothing had really changed except: "Labour wants power at any price and they'll say Ministers acknowledge, how-ever, that the success of their strategy will still depend cru-cially on success in bringing down inflation and curbing the country's huge trade deficit in time to allow for tax cuts and public spending rises in the immediate election run-up. Several members of the cabi-

net believe that could mean deferring the election until the

spring of 1992 The Prime Minister has also suggested privately that her ministers should prepare the ground to stay in office until close to the end of its full term of office in mid-1992 rather than opt for an election at the start of its fifth year as in its

There's

THE HAYS SHARE OFFER ENDS SOON

All applications must be received by no later than 10.00 am on: Thursday 19th October Applications should be sent to Lloyds Bank Plc, Issue Section, 11 Bishopsgate, London EC2N 3LB.

ekendFT

SECTION II

Weekend October 14/October 15, 1989

OW MUCH extra would you pay for a carrot, a cabbage or a capsicum if it was guaranteed grown free from chemical fertiliser or pesticide? Forty or 50 per cent — or only 15? If the latter, then Rob Murdy, fresb food director at Safeway, Britain's pioneer purveyors of organically grown produce, has you

in his sights.
It is Safeway's boast that it is the only one of Britain's supermarket only one of Britain's supermarket chains to offer organic produce in all its stores — 260 currently — at premiums ranging from around 20 to 150 per cent. "My mission," says Murdy fervently, "is to get that down to 15 or even 10 per cent within the next few years, at least on basic vegetables." For that, he snggests, is the only way to meet the exploding demand for organic food.

food.

Rob Murdy is not alone in the food and farming world in using words like "explosion" to describe the upsurge in demand for food perceived as environmentally friendly, healthy and safe. From organic farmers, food distributors and

farmers, food distributors and retailers the message is the same: all report spiralling demand for organic foods in the last 12 months. Geest, Britain's leading distributor of fruit and vegetables and one of the only two companies supplying retailers with organic food on any scale, reckons that sales have quadrupled. The surge is widely ascribed to Britain's heightened awareness of green issues.

awareness of green issues.

Dong Henderson in charge of Geest's produce buying operations, has the most comprehensive explanation. "Propile are much less concerned about the spectre of nuclear ways and much more provided about war, and much more worried about the planet, the destruction of the environment, and personal health," he says: Ross McLaren, Sainsbury's produce director, makes a similar point. "There are elements of fashion and of health fad in it," he says, "but the biggest researches why are the says, but the biggest reason why people are buying organic is that they're using it as a vote for the environment, it's much wider than just eating - it means not tearing np hedges or polluting rivers with

Britain's 1,000 or so organic farmers, almost resigned to their popular image of a scruffy, sandalled brigade dispensing muck and magic, are delighted, if overwhelmed. For they simply cannot meet demand and suppliers in Israel, Spain, Hol-land, the US are benefiting.

However, the critical point for farmers and retailers alike is whether this sudden interest in organic food will prove a pessing phase or something which, in Dong Henderson's words, "anyone deal-ing in food over the next few years will ignore at their peril."

A sense of proportion is important at the outset. Britain's total food seles are some £33bn a year. Sales of organically grown or reared produce will grobably be well under 150m this year — or less than will

be spent on "pot noodles." Reliable statistics are rare but organically produced food is said to account for less than half of one per cent of UK agricultural production. It is certainly a very tiny percent-age of supermarket turnover, with Saleway, the leader, selling only both adequate grazing and good

Tough problems of supply are posed by the surge in demand for organic food, reports Bridget Bloom

some £4m out of total fruit and veg-etable sales of £400m.

In truth, the whole organic move-ment is in its infancy when it comes to supplying a mass market. The Soil Association, the main UK body representing organic farmers, pre-dicts that with the right incentives, 20 per cent of the UK's 200,000 farm-

20 per cent of the UK's 200,000 farmers could be growing crops organically by the turn of the century.

Most observers are highly sceptical of these claims, both because of the difficulties of persuading conventional farmers to convert, and because the "right incentives," in the form of much increased government or European Community aid, seem unlikely to be forthcoming.

Major More-Molyneux, whose father started the (non-organic) Loseley dairies near Guildford, Surrey; today has a 300-acre fully organic farm which he operates in partnership alongside Loseley. As he points out, conversion is a process which takes from three to ten

cess which takes from three to ten or more years, and involves a very marked switch in agricultural tech-niques. All inorganic chemicals and pesticides (and most animal medicines) which modern farmers use to boost growth, to kill off pests, or to prevent disease, are eschewed in favour of techniques which build soil fertility, through applying green or farmyard manures and through laborious weed clearance.

Others who might see that view as old-fashioned (a few agricultural colleges are beginning to take organic farming seriously while sev-eral younger farmers are converting) still see enormous difficulties. Lawrence Woodward, director of the Elm Farm Research Centre for organic farming, which is partly funded by the Astor family, is not the Caseardene of the farm among the Cassandras of the farming world: he believes that, although it can be very difficult to convert a purely arable farm, with careful planning, conversion need not necessarily result in a sharp fall in yields and income.

But, he says, "we are not even at the starting gate" in being able to produce organic vegetables on a large scale, while the market for organic meat is barely organised. Helen Browning, a lithe 27-yearold, in a sense proves More-Moly-neux wrong: despite her conventional farming education, she is

Wiltshire Downs. But she does believe in what she is doing, and has several other advantages. To start with, the farm, carefully if conventionally run by her father

gradually converting a 1,350 acre farm straddling the Ridgeway in the



How green is my carrot?

organic manure to maintain the soil's fertility and assure proper rotation between grass, break crops such as peas and beans and the main cereal crops of wheat and bar-

Helen Browning also has experience of organic farming since she worked for a year with Barry Wookey, doyen of Britain's organic farmers; from him has come her belief in the weed to play carefully betief in the need to plan carefully and ensure a gradual conversion. Unlike Wookey however, she does not own her farm, instead renting it from the Church Commissioners. They are sympathetic to what she is trying to do. "But I have to pay the rent as well as make sure that our formworkers (there are ten) can farmworkers (there are ten) can

Although it is possible to convert individual fields in about three years - through a complex process which "involves much more than just not using chemicals" - Browning reckons that the whole of her farm will take at least ten years to become fully organic. Today she has the coveted organic symbol on about 85 acres, including the 20-acre Kate's Meadow on which she, and Kate Hobsley, the friend who now runs their market garden enterprise, started with vegetable trials early in 1986. Kate's Meadow is more like the

typical organic small holding, grow-ing a variety of vegetables from congettes and garlic to lettuce and potatoes as well as herbs, free range chickens and eggs and outdoor pigs. But if the happily wallowing Saddleback sows and their piglets and the crowing cocks and their clutches of contented hens seem sentimentally like what farming used to be, "Kate is up at dawn and rarely finishes before she shuts the chickens down at ten in the even-

ing," Helen notes. Even so the vegetable plot is hardly pristine: fat hen and many another annual weed abound. "We haven't the mechanical weeders or the irrigation facilities which would make life a bit easier," Helen adds. Over the farm as a whole, Helen Browning is planning the conver-sion in anticipation that profits from the conventionally farmed acres will tide her over what she hopes will be a temporary loss of income from lower yields on the organic side. The first dairy herd will not be fully organic for two years, so she is not yet clear how far yields will drop nor, therefore, what premium (which can be as high as 100 per cent on wheat) she will need. "We're getting an annual 6,700 litres per cow now and we reckon if this drops to 6,000 litres

we'll need a 26 per cent premium to

break even. If we only get 5,500 lit-res, then we'll need a 50 per cent

Helen Browning, like Barry Heien Browning, like Barry Wookey and Lawrence Woodward, is quite clear what the lesson is: "Add as much value to your own products as you can." With Kate Hobsley, she has already bought aformer butcher's shop in nearby Shrivenham where she will sell produce from the farm as well as from duce from the farm as well as from

Kate's Meadow.

If Helen Browning's experience so far illustrates some of the problems, as well as the potential, those who believe more farmers would convert, given the right incentives, say that the potential of organic agriculture has barely been tapped. "Imagine where we might be now if we had had the huge support poured into conventional farming over the last decade or two," Patrick Holden, one of the movement's chief spokes-men, says. The movement wants money for research and it wants a place for organic farming in official plans to cut conventional farm pro-duction via schemes for set-aside, ss intensive livestock production and the like.

John Gummer, Britain's new agriculture minister, is thought to be sympathetic to the organic cause he is, for example, hoping to encourage wild flowers by not using chemicals on the meadow adjoining his rambling, red-brick, former rec-tory in his Suffolk constituency. But he notes that while he hopes to "reverse the pronounced bias against organic farming," in the interest of greater consumer choice,

"it is not my business to be biased in favour of the system." He emphasises the importance of the new agreement on organic stanthe new agreement on organic standards: his ministry sponsored negotiations between the various organic bodies, retailers and other interested parties which last May produced the UK Register of Orgenic Food Standards, or UKROFs. Its stringent rules will now provide the basis for the symbol for all Britain's organic farmers. Gummer believes that Britain should take the lead in the growing debate on organic farming within the European Community. He the European Community. He denies any coolness towards propos-als by Agriculture Commissioner Ray MacSharry for an EC wide regulatory scheme for organic farming "We want those standards to be as good as ours," be says. "After all, you can't readily test whether something has been grown organically, so we must have rules that everyone can accept."

Clearly the possibility of fraud worries officials, as well es rule-abiding organic farmers. It is not

necessary to go as far as Nicholas Ridley, the former environment secretary, who declared to e farming conference last spring that organic farmers were "ripping off" the con-sumer, to see that the opportunities for fraud are considerable.

Geest and the other major supplier, Organic Farm Foods of Wales, hope to buy only from epproved Soil Association members in Britain and — for the estimated 60 per ceot of the market which British farmers cannot supply — from members of the Internetional Federation of Agricultural Movements, to which Britain's Soil Association also belongs. Geest, which also deals in non-organic produce, rigorously seg-regates this from the organic com-modities. But the supermarkets admit they rely on their suppliers, not their own checking.

owever, outside the issue of standards, John Gummer is rather cool towards suggestions that there should be more positive EC aid to organic farming – even though the Commission in Brussels has now given permission, albeit under strict conditions, for the German government to aid its farmers to convert.

We will consider the implications for organic farming in all new schemes," Gummer says, without promising much more. If would be organic farmers do

not find much comfort from govern-ment, what of the multiple retailers, which have bad such an important role over the last 10-15 years in procuring for shoppers e huge range of fresh vegetables and fruit, year round and to a high standard. through the arrangements they have made with farmers and growers around the world? Will they do the same for organic produce?

The jury is still out. They are clearly unhappy at not being able consistently to supply high quality organic food, nor guerantee anything but the most basic range of goods. But several high stores goods. But several big stores, including Marks and Spencer, are only this year beginning to sell organic produce. Of those contacted, only Safeway seemed sure enough of an important market actually to invest money in an organic enterprise with the European Commission, it announced last month that it is financing research into conversion.

There does however seem to be one lesson which growers, traders and retailers are all drawing from the surge in demand for organic foods. As Ross McLaren of Sainsbury put it: "In the end, the consultant and the traders are trained whether consultant and the sains and the sains are trained as the sain sumer may not mind whether some-thing has been grown 100 per cent organically. But we will all have to look very hard at what we are doing now. The true organic movement will prove the spur to putting our conventional house in order.

And both McLaren and Safeway's Rob Murdy quote the same example: "Many apple growers bere and in the US used to spray Alar" - a growth regulator which is now effectively banned in the US - "as a sort of placebo - when in doubt, give it a burst."

Ross McLaren said: "Two years ago if we'd said 'Don't use it' our growers might have said 'Sod off, Sainsbury.' But not today."

The Long View

How to create chaos from disorder

THE STOCK market, it seems, moves in even more mysterious ways then we thought. If it were predictable we should all make a great deal of money – and that, of course, would never do, But academic theory has tended to propound in recent years that even although the level of share prices cannot be forecast, it is at least determined by logical

In an efficient market, all known information is focused upon the trading arena and prices settle out immediately at a level reflecting rational expectations. It follows from this epproach that prices do not reflect the past but only the (admittedly imperfect) views of investors about the

This is the basis of so-called "random walk" analysis, which holds that the next move bears no relation at all to the previous one - a notion in direct contradiction to the non-rational theories, which deal with self-feeding bubbles and other phenomena. This camp includes the chartists, who believe that the market traces out certain patterns which can be interpreted to give a profiteble glimpse into the future.

The stock market crash, two years ago next week, provided something of a laboratory test for these rival approaches. This is because the speed and magnitude of the correction were so extreme. Any normal fluctuation in an index cannot be conclusive because it can

Finance: Personal pensions

Wine and Food: Jancis joins up

Property: Holiday bonds

always be justified, at least superficially, by subsequent events. But here was a 35 per cent collapse which could have been explained rationally only by a severe decline in expecta-tions about investment fundamentals such as earnings and dividends. Two years down the road, we have to say that no yery convincing rational basis for such disappointment has

aterialised. . There cannot be absolute certainty about this, because we are dealing with investors' perceptions rather than with realities. Naturally, some diffi-culties have amerged, includ-ing the recent modest rises in interest rates. The UK has more than its normal share of them. On the whole, though, the world's economy has pros-pered mightily during the past 24 months.

It looks as if Wall Street, and ome of the other markets, got ahead of themselves two years ago. They then overcorrected but, several months later, finally got back in line with the fundamentals. Now, there is a risk that Wall Street is overshooting again. How could this happen?

Naturally, the rational expectations apologists have not given up. They cite various negative factors that appeared just before the crash, such as rising interest rates and problems with the twin US deficits. It is also possible to argue that the monetary relaxation brought in as a response to the crash provided e new and



Two years after the stock market crash, it's time for a new look at the question of whether investors really do behave rationally

unexpected reason for the subsequent recovery. But the news background was fairly routine. Surely there would have to be some earth-shaking develop-ment to justify a once-in-50years type of crash? In any case, the puzzle would remain of why the market became so overvalued during the summer

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IX-XIII

Archaeology: On top of the Globe

How to Spend it: Camcorders

XXII Survey: Unit trusts

lated a new wave of financial market boffins in the US to look at ways of explaining market movements using the fash-ioneble "cheos" theory. Although the results so far appear to be, well, chaotic, the world of capital market theory will never be quite the same

To start with, 1929 is due for a fresh look. What gave ominous overtones to the crash in '87 was the sinister parallel that could be drawn with 1929, down to the size of the setback in the Dow Jones Average and almost to the exact time of year. In the subsequent six months, charts were drawn that showed Wall Street still tracking uncannily the DJA's course in 1929-30.

After a modest period of recovery, the spiral was set to continue all the way down to the equivalent of the market low in 1932. But it never happened. By the early summer of 1988, Wall Street shook itself free of the apparent spell of the past and began to surge upwards. On the face of it, this has confounded both sets of pundits. Those who believed that the 1929-30 chart pattern would be repeated have been proved mistaken. But the rational expectations camp does not emerge well, either, because we have been spared the economic disaster that might have justified the 1987 market cor-

One possible consistent

Cardening How To Spend is Motoring Small Businesses

interpretation remains, how-ever. This is that the connec-tion between the 1929 crash and the subsequent economic slump was an illusion of his-tory. The two events followed each other, but were not

related causally. The crash itself was the result of irrational investor behaviour not repeated until 1987. Through influences of mass psychology, the patterns of the two collapses were very similar. But the paths taken by the stock markets in 1930 and 1988 were very different because investors were by then behaving rationally again, and responded to fundamentals that were quite different in the

If this interpretation is right. then there are some disturbing possibilities. Whereas the slump in the 1930s had the effect of suppressing Wall Street speculation for decades the fever has not been dealtwith so effectively this time. The recent burst of strength on Wall Street, starting from an already fairly fully valued base, has been looking slightly reminiscent of 1987.

Perhaps it is too glib to point out that the last time the UK stock msrket weekened sharply while Wall Street was still booming was in August 1987. This time, an ultra-soft economic landing and a wall of Japanese money may keep the fund going for a while. But this question is whether this is a rational expectation or an irra-

London New York Travel TV and Radi

tional herd instinct.

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ELECTION

FT~A All~Share Index

Sterling Index

1984

nuts and bolts. But e few

straws in the wind were not

encouraging. Sixty per cent of the rights issue from Birming-

ham chemicals group W. Can-

ning was left with sub-under-

1983

FINANCE & THE FAMILY: THIS WEEK

Mortgage rises squeeze lenders and borrowers

The Increases in mortgage interest rates this week have raised the cost of home loans to their highest level since late-1981. Lenders are well aware that their customers now face an enormous burden which no-one anticipated, least of all those who rushed into the market early in 1988. David Barchard examines the problems for lenders and

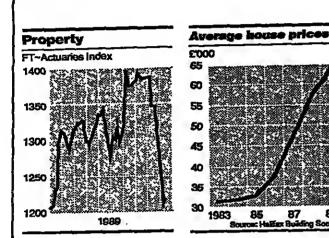
Customers taken to water . . .

The most generous package of customer incentives yet to be dreamed-up for a government privatisation chare issue was announced this week ahead of next month's flotation of shares in the water industry. And for those investing larger sums, the benefit will come more quickly than it did with the Telecom and Gas issues. Page III

Running your own show

Investors can now run their own personal pension investment portfolios. The move, foreshadowed in the Budget, was given the go-shead thie week by the inland Revenue end le part of the government's general policy to encourage wider chare ownership by giving investors greater choice. Page VI

■ BRIEFCASE: Passing on an estate - Page Vii



A painful week for the property sector

The property sector of the stock market endured a painful week, hit by tha rise in interest rates which led to many enalysts becoming even gloomler about prospects, BZW says the sector relative to the market has come down from 130 at the beginning of the year to around 112, and feels it can fall below 100, it predicts that property investment yields will rise and net assat values will fall in 1990, and highlights the bad news in the sector - over-supply, falling rents, reverse premiums and increasing yields which, it reckons, will continue. A resurgence of corporate activity would be the only reason for the sector to outperform short-term, BZW says.

Warburg Securities is much more positive on properties, however. It believes that as long as base rates do not rise from present levels, capital values will not decline significantly. More ominously, Robin Leigh-Pemberton, governor of the Bank of England, warned yesterday that it has been monitoring closely the loan exposure of property firms, with special attention given to highly-geared developers. Stephen Thompson.

Any Ashtons out there?

If your name is J. A. Ashton, you could win £500 without name of J. A. Ashton in its publicity material for many years. Now, it has decided to run a competition to track down any real-life J. A. Ashtons (male or female): their names end addresses will be entered into a draw and the winner will receive £500 in a Girobank high interest notice account. Eligible Ashtons should contact Amanda Wright, Girobank plc, 10 Milk Street, London EC2V 8JH. Sara Wabb

Call to lift pensions

A call for the government to increase pensions substantially this month, to compensate for the cost of living rise in September, was delivered by Age Concern England yesterday. It said pensioners had been etruggling to meet higher prices this year and, for the 60 per cent of retired households dependent on the state pension, it was essential that the real value was maintained. Age Concern also urged the government to increase the Christmas bonus of £10 given to older people. It pointed out that the bonus had not been changed eince its introduction in 1972 but, had it been made inflation-proof, it would now be worth £48.85.

New guide to finance

A new edition of Financial Planning for the Individual, by Alan Kelly, le published this week by Financial Times Business information in association with the institute of Chartered Accountants in England and Wales. It has been updated substantially to take account of the many changes that have taken place eince the last edition in 1987, and includes a new chapter on the use of trusts. Priced at £11.50 In the UK, and £14 (\$24) for buyers overseas, it is available from business bookshops or direct from the FTBI marketing department, 7th floor, 50-64 Broadway, London SWIH 0DB (tel. 01-799-2274). John Edwards

House prices keep falling

House prices fell by 0.7 per cent in September, with the slowdown in the housing market now affecting all parts of the UK, according to the latest survey from the Halifax Building Society. House prices fell in the South and the Midlanda, and stabilised in the rest of the UK. The annual rate of house price Inflation has fallen throughout 1989, from a peak of 34 per cent at the end of 1988 to 9.5 per cent in the year to September 1989. However, first-time buyer house prices are still rising, Halitax says, with prices 0.4 per cent higher in September than in August, and 14.7 per cent higher than a year ago. Sara Webb

LONDON

Witching hour that lasted five days

eyes watched the stock market this week than et any time since the immediate aftermath of the 1987 crash. The coinci-dence of a sterling crisis, mort-gage rates inevitably following last week's base rate rise, and a Conservative party conference, turned the five trading days into one long witching hour. On the political front, the sudden burst of speculation about life after Thatcher, and the sinking popularity of the Chancellor among usually steadfast supporters, made the usual brave dismissals of events as merely another mid-term blip ring hollow. Indeed, it was curious to

hear all the talk of 1976, Denis Healey and the IMF. No-one thought seriously that the situation in 1989 was comparable; it was simply a sign that many in the markets - and elsewhere - had the feeling of passing a watershed, even if

2233.9

327

426

517

-43.6

-12

+36

+21

+14

FT-SE 100 Index

Austin Reed A

Hawker Skideler

Land Securitie

Midland Bank

COULD ANYONE imagine a more appropriate climax to the age of global capitalism

triumphant? A speech delivered in Moscow by Alan

Greenspan, the chairman of the Federal Reserve Board,

around the world. Greenspan's remarks, delivered on Tuesday, sent

market, cast doubts on

international co-operation

over exchange rates, and broke the week-long string

of gains which had pushed

the Dow Jones Industrial

Average on Monday to its

since then has been quite

moderate, and there has

Tuesday lunchtime as

record high of 2791.41.
Although the price decline

the US financial markets on

over the ticker-tapes.

The change in question was not the kind of sudden swing

in herd mentality that would delight the contrarian bulls.

The Greenspan comments seemed to hit a vein of quite

profound disquiet which would prove entirely justified — if he really meant what the

markets thought.

shivers throu

appeared this week to mark the turning point of the 15-year bull market in equities

British Land

Burmah Oli

After a bearish weekend press, spiced by more hints of rivalry for the Prime Minister's ear, equities and sterling had no way to go but down on Monday. The pound lost 2% cents and 5% prennigs in a single day, slipping through the DM3 level without resistance.

The FT-SE 100 fell 30.5 points that day and another 28.2 the next as sterling continued to slide, but at a more modest rate. Tuesday was significant because of the afternoon reversal in sentiment after news of e bearish circular from Peter Thompson, a consultant to Barclays de Zoete Wedd, who went down in history as the man who called the summer-time top of the 1987 market.

This time, in a circular headed unambiguously "The Beginning of a Bear Market," Thompson said he expected the FT-SE 100 to fall as far as 2,100 by the end of October and that

HIGHLIGHTS OF THE WEEK

2426.0

193

259

407

679

441

783

741

546

619

389

359

375

sideways next year. It was more likely, he said, that the index would touch 1,800 where it began this year sometime in 1990. Unlike some market gurus in

the US, Thompson's approach could never be described as flaky. Indeed, the force of his central arguments was only enhanced by his dispassionate review of countervailing evilence. His main points were that corporate profits had to fall - not just to show a slower growth rate - if the Chancellor's strategy was to work; and that, even assuming the most positive outlook for UK equities, alternative homes for money - from cash to for-eign markets - were likely to be more attractive.

As the market digested this assessment, which differed only in the coherence of its argument and the certainty of its conclusions from what

1979 1980 1981 1982 other analysts were saying, it marked time on Wednesday ahead of the red letter event of the week: Nigel Lawson's connce speech on Thursday. The content and the form -the end of each sentence punctuated by the pause for applause — was entirely unsur-prising, consisting (as it appeared to) of reprises from previous Budget speeches and inference orations. The tone of the City's reaction was

FT-A Alt-Share Index

1100

1000

900.

800

600

500

400

rudely sceptical: "Long on rhetoric, short on specifics," summed-up Warburg Securities. But share prices them-selves finished higher on the day, even if the pound lost Thursday morning's gains to finish unchanged against the

D-Mark.

On Friday, equities were set back again by the retail price figures, which showed inflation at 0.7 per cent in September alone and a year-on-year figure of 7.6 per cent, compared with the market's best guess of 7.4 per cent. For several minutes, the red flashing on the Seaq screen approximated Neil Kin-nock's waking dream about next election night. Shares recovered their nerve before fading in the final minutes. The FT-SE 100 ended the week at 2233.9, a loss of 43.6 points while sterling finished at 89.3 on the trade-weighted index. against 91.3 a week previously. It lost 4 cents to \$1.563 and 7 pfennigs to DM2.96.

With all the attention on the macro-economic picture, there was little time for corporate

writers, e worse result even than the 45 per cent take-up reported earlier by Lookers, the Manchester motor dealer. Although small — £16.7m and £6.4m respectively — these rights issues demonstrated the haleful effect of a falling mar-ket on investor sentiment (although underwriting institu-

Equities and Sterling under the Conservatives

ELECTION

tions had no choice but to commit new money in the end). Bigger tests loom with Polly Peck International, British Airways, Mount Charlotte Investments and Wace Group. Ferranti International Signal

reconvened its annual meeting, allowing shareholders to have a go at besieged chairman Sir Derek Alun Jones but not to transact any business. When they finally get around to it, the agenda includes a motion to drop the wretched "Signal" from the name. Sir Derek will count himself lucky if that is all that goes.

British Aerospace and Thomson-CSF went public on their desire to bid for Ferranti. The former raised its stake to 1.7 per cent, so far it has not paid more than 56p, 1p below fri-day's close of 57p, down 2p on the week. On a more friendly basis, General Motors con-firmed that it might take a stake in Jaguar to help shield the UK car maker from the

predatory attentions of Ford.

This hit the share price; by Friday, it had lost 54p to 677p.

LWT Holdings, which has the weekend commercial tele-vision franchise for the London area, announced amended proposals for a capital restructur-ing. It would involve gearing up to finance a large cash pay-ment to shareholders and, simultaneously, allowing man-agement to take a larger stake.

But some institutional inves-

tors did not appear to like

Sterling Index Average 1965-100

120

115

110

what they saw. Two companies cut their losses on investments that never fulfilled their promise. Dalgety sold Gill & Duffus, its commodity business, piecen for a total of £87.4m (cost: £120m in 1985). Granada sold the Laskys electrical goods retailer to Kingfisher. Includ-ing repayment of debt it recouned £8.9m, compared with the £30m it paid in 1986.

11:35

MACCO I

Title !

25724 .. 724

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Mr. 22.

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Die i par.

Borro

In a watershed week for the Conservative Government, it was appropriate that tha brothers Saatchi admitted that something - closer to home than Labour - wasn't working. Charles and Maurice stepped down as joint chief stepped down as joint chief axecutives of Saatchi and Saatchi, the advertising agency whose progress paralleled the Thatcher years. In came Charles Louis-Dreyfus, French architect of the pharmaceutical consultancy IMS, as chief executive with collecting Charles utive with colleague Charles Scott as finance director.

Clay Harris

WALL STREET

1782.8 Worries over sterling

Poor results.

51 Prelims, Tues /broker downgrades

Fears that Ford no longer interested

Firm cits/good drilling prosper

Firm olis/brokers' "huy" notes.

Tettamanti stake above 15%.

Interest rate concurre

SHV stake speculation

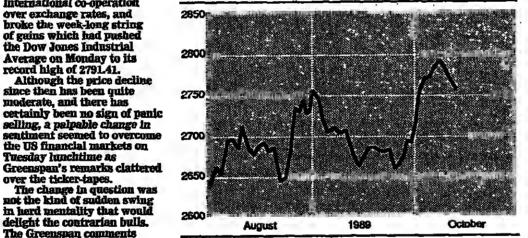
Takeover speculation.

Broker downgrades.

Sector weakness.

Epitaph for a bull market?

Dow Jones Industrial Averages



would have had any doubts what he meant. In the event, though, the markets interpreted Greenspan's speech as a direct challenge to the White House

His key phrase was: nots to maintain Arrampts to mannant unrealistic exchange rates may lead to destabilising international capital flows and will ultimately have to and the Group of Seven finance ministers — a commitment not to cut US interest rates or assist in e devaluation of the dollar, be abandoned."

Considering that he was come what may.

speaking in the Soviet Union, Had Wall Street analysts where the rouble is considered been right in this interpretation, a sell-off on the scale last seen at just this generally to be over-valued by at least 1,000 per cent, his meaning might have seemed time two years ago would have been amply-justified and easy clear enough: countries with unsustainably high exchange to predict. It was a very similar public repudiation of global exchange rate rates should allow them to fall, and the sooner the better. management by Germany that precipitated the crash of Black Had Greenspan been speaking at the Tory Party conference instead of Nigel

Investors rush to make Hays

that analysis misunderstood totally what Greenspan meant.

This seemed to be confirmed on Friday when the Fed permitted a decline in US interest rates despite the worse-than-expected news on producer prices and the robust figures for retail sales. The dollar fell abruptly, reversing all the gains after the Moscow

The hand and stock markets responded more ambivalently, as well they might since the. Fed's easing and the G7 agreement to devalue the dollar are a mixed blessing for both.

For the bond market, the obvious benefits of somewhat lower short-term interest rates are offset largely by the danger that the Fed will

tolerate what is still a relatively high rate of inflation. For the stock

inflation. For the stock market, the present monetary calculation is more complex. On the plus side the fear of a recession starting early next year, can probably be put to rest unless Greenspan uncharacteristically reverses the downward trend of interest rates and the dollar mithin the next feat weeks. within the next few weeks. risks of a prolonged period of stagilation, with relatively low growth and relatively high.

inflation, are mounting.

As the third-quarter results season is demonstrating already, corporate profits and investment are sagging in the industrial sector of the US economy. Real damage has already been done by the monetary tightening and

strong dollar policy initiated early in 1988. It seems increasingly likely, therefore, that stagilation will be the only alternative to an outright recession, as the Fed is forced to continue easing fore inflation is brought thoroughly under control. For the long term, this

might not be a particularly appetising prospect and it suggests that the end of the hull market could indeed be But Wall Street realises that

inflation at 4 or 5 per cent is far preferable to the kind of economic bludgeoning needed to bring it much below this level. And a dollar which declines to reflect the huge US current account deficit is far healthier than an over-valued exchange rate which decimates the manufacturing sector. The chances are that

2791.41 + 05.89 2785.33 - 06.06 2773.36 - 11.97 2799.84 - 13.53

Anatole Kaletsky

lysts looking for at least a 15 per cent increase in earnings per share over a pro-forma 8.6p in the year to end-June.

Certainly, the deal looks sound enough to the institu-tions and all the indications are that they will support the issue. This provides a fairly comfortable background for private investors although, obviously, it would be wise to wait until the end of the application period (which closes at 10am on Thursday) before writing out the cheque. And con-sidering the uncertainties of the market, private investors need to think hard about whether they really want to hold the shares over the long

Frost, meanwhile, is putting a brave face on his bad luck in the timing of the flotation. "I organised an MBO of Hays on the day after Black Monday and I'm floating in the middle of virtually another crash. I don't think that's bad going,"

When the chips are down...

JUNIOR MARKETS

ties Market (USM) would rather forget.

As higher interest rates piled on the misery, there was another spate of disappointing results and even an outright casualty in the form of Sharp and Law, a shop-fitter which called in an administrative. receiver.

Nonetheless, there are some reasons to be cheerful about the USM. In terms of new issues, this year has been a relative success for the junior market.

According to figures from accountant Peat Marwick McLintock, the USM has welcomed 52 new entrants com-pared with 63 in the corresponding period last year. This is a much better showing than the main market, where the number of new entrants was nearly half last year's figure of

New issue enthusiasts have been entertained by some intriguing companies. For football fans, the company of the moment is, of course, Millwall Holdings, which this week announced that its offer for sale was over-subscribed.
Millwall, the home ground of

which is The Den in south-east London, has moved into profit since joining the First Divi-sion. It plans to use the £5m raised by the float to broaden its interests in the leisure field and, possibly, to diversify into betting shops and pubs.

Millwall can also claim some fame for being the first offer for sale on the USM for many months. Although the bulk of shares were placed with institutions, it decided to offer a fifth to the public. The return of the offer for

sale, even in this half-hearted form, is a cause for celebration among investors. The alterna-tive placing mechanism, which usually bars shareholders from buying shares in new issues until they have begun trading, has become increasingly popu-

lar over the past few years. By coincidence, yet another populist issue is going down the offer-for-sale route. Harry Ramsden, the world's largest fish and chip shop, is joining the Third Market at the end of the month. Harry Ramsden, which is

based near Leeds, hopes to enlarge its restaurants and open new branches in Black-pool, Glasgow, London and Birmingham, and franchises in Naw Zealand, Australia and

To this end, it is raising fam hy issuing four million shares at £1 each. It is joining the Third Market because it was part of a larger company until last year and so does not have Clare Pearson a sufficiently-long asset record

IN SOME RESPECTS, it was a to foin a more senior market, week that the Unlisted Securi-Given the neurotic state o Given the neurotic state of the stock market, it might not be thought the easiest time to try to interest private shareholders. However, Simon Knott, of Ramsden's broker Greig Middleton, believes the offer for sale will give his cli-ent a more stable stock market career than a placing.

"If a company is owned by 10 institutions, they all think alike," he says. "I am a great believer in trying to tap the private individual." Harry Ramsden also felt that

an offer for sale was appropriate in the light of the loyalty inspired by its fish shop in Yorkshire. It will try to build on this by such means as offer-ing shareholders a 20 per cent discount on weekdays and e shareholders' club, which will invite prominent local people to speak.

Possible candidates for the

first meeting include Arthur Scargill, the mineworkers' leader, and Fred Trueman, the former Yorkshire and England cricketer. Yet another USM newcomer

to avoid the traditional placing route is Regal Hotel Group, the operator of five business-class hotels round the country. It has decided to inject itself into a "shell" company — the term used for a moribund company, the chief attraction of which is a stock market quote. Its choice of vehicle was Rivoli Cinemas, which had

assets of one bingo hall and a bundle of shares in Granada Group (which have now been sold for about £7m). Rivoli has long been sought-after by ambitious entrepre-neurs but the chalrman and its

s, who control the bulk of the shares, have rebuffed all previous suitors. Even though Regal's plans

won them over, the merger was not a particularly quick of easy process. The entire exar-cise took about three months and cost £750,000, much more than the cost of an average flo-

"It looked simple on peper," said Malcolm Gold, Regal'a managing director. "There was a willing buyer and a willing seller. But had I known what now know, I would not have

gone down this route."
At the end of the exercise, however, Regal has extracted some significant advantages from the deal.

Rivoli's cash pile is much larger than the funds that Regal could have raised in a flotation, and will help it reduce its gearing down to 20 per cent. That will give Regal the scope to pursue its ambitious goal of a rapid expansion of its hotel interests.

Vanessa Houlder

IT DOES SEEM odd that, despite severe pessimism in the stock market, private investors have been calling up to get prospectuses for shares in Hays, the UK business services group, et a rate of 80 per

hour this week. Of course, Hays' £166m offer for sale, the largest non-privati-sation UK issue in recent years, presents an extremely rare opportunity for the public to participate in a big new float after an hiatus of such issues earlier this year.

Then, too, the deluge of publicity surrounding the flotation of the water industry, as well as the emergence of the Euro Disneyland share issue as a runeway success, has doubtless put people once more in mind of buying shares this

eutumn. But if anyone is seeing the offer purely as an opportunity to obtain a quick profit, they had better banish the thought and start thinking about whether they want to hold the shares as a long-term invest-

There has been much promotion of the fact that the price per share announced finally on

Wednesday was some 35p lower than contemplated, even in the previous week. However, first talking the price up, and then knocking it down, is a well-known marketing techmique and, at 105p, there is no reason to suppose the shares are a "steal."

Certainly, there is a view in the City that Ronnie Frost, Hays' determined-sounding chairman, was probably always over-optimistic in hoping to come to the market on a (pro forma) historic p/a of 13%

The 105p price provides an historic multiple of 12.2, and a prospective multiple of about 10.5. In usual times, a company with as strong a growth record as Hays would justify more than this. But nervousness about the market in general at

the moment makes the pricing criteria rather different. Additionally, Hays derives the overwhelming majority of its profits et home – not the most desirable position for a company to be at the moment.

Lawson, no currency dealer

And while it is thought the shares have been priced cheaply enough to get the issue away smoothly, it is not seen as enough to provide an instant premium when stock market dealings start (assuming no marked improvement in the market before October 26).

Not that Hays, a former sub-sidiary of the Kuwait Investment Office which was bought out by its management in October 1987, looks by any means the worst kind of equity investment that could be made. With base rates standing at 15 per cent, worries naturally focus on companies that are borrowed heavily. Hays, on the other hand, will

be starting out with a strong balance sheet. Additionally, in its trading activities — falling into three areas which it calls personnel (staff recruitment), commercial (office support ser-vices) and distribution – Hays deals with other businesses,

londay. Fortunately,

however, it is very probable

rather than with the consumer. The three divisions contributed respectively 37 per cent, 18 per cent and 45 per cent of operating profits of £52.7m in the year to end-June. Accountancy Personnel, UK

market leader in the field with 90 offices around the country, forms the biggest part of the personnel division although Montrose, supplying technical staff for the construction industry, is likely to achieve better growth. The main component of the distribution division is chemi-

cals, splitting into bulk, pack-

aged and speciality operations.

Warehousing and distribution

for the food retailers, and dis-tribution of shop-fittings and consumables, account for the rest of it. The most exciting division is the smallest - commercial.

Here, there are great hopes for Britdoc, a unique and fast-growing overnight business mail service which is significantly cheaper than the Post Office alternative. The main activity of archive storage, however, looks more plodding. Frost is keen to point out that an economic downturn can actually benefit Hays by creating opportunities for it to improve other businesses' effi-

very least, in so far as it distributes food, supplies accoun-tants and posts letters, Hays offers defensive qualities. And the company is certainly expected to grow very respectably this year, with ana-

That's as may be; but at the

FINANCE & THE FAMILY

THE RISES in mortgage interest rates this week, announced first by the Halifax Building Society and followed by Abbey National, have raised the cost of home loans to their highest level since late 1981.
Moreover, as Jim Blrrell,
Halifax's chief executive, pointed out, there is an impor-

tant difference between the burden on mortgage-payers in the early 1980's and today. A few years ago, income tax relief on mortgage interest payments applied to the whole of the loan, and so lightened the burden of repaymant. Now, with Miras (mortgage interest relief at source) static for most of the decade at £30,000, most

recent mortgage loans contain a large element which is not subject to this relief. Lenders are well aware that their customers now face an enormous burden which no one anticipated, least of all those who rushed into the market in the early months of 1988, taking out mortgage loans at multiples of 3%-times their income or more

income, or more.

Morigages from "new" lenders relying on funds from the wholesale money market are the most expensive. Halifax's new rate of 14.75 per cent (15.7 APR) is roughly level with the rates the specialist mortgage companies, and foreign banks. have been charging since June. If the 15 per cent base rate lasts more than a few weeks. and the general presumption is that it will, the new lenders will have to push their rates up by about I percentage point in

9

David Barchard looks at mortgage rate rises

The extra burden for home-buyers

That means that quite a few people will be paying interest rates above 16 per cent. Halifax prides itself on being one of the canniest lenders in the market, and is much more

cautious about its lending criteria than the newer lenders in the market. But even it is now advising customers in trouble to get in tonch with their branch managers. A sympathetic hearing is promised. With the housing market in

recession, no lender will wish to press its customers too hard. In a healthy property market, landers might think about going to the courts for a reposssion order and forcible sale of the property when the cus-tomer falls more than four months in arrears.

However, this is ohviously dangerous under present con-ditions for two reasons, Firstly, some of those now in difficulties are people who are essen-tially sound customers with steady incomes and patterns of spending. No lender wants to risk its reputation in the market by antagonising this group

Secondly, and more importantly, a forced sale now on a property purchased not very long ago is risky. The price of the property may have fallen and it may not be possible to recover the loan. No lender wants to trigger an avalanche of forced sales which might destroy the market.

This, indeed, is the spectre which everyone in the housing finance market is living with. Though house prices have dipped for a year or two in the past in England, there has never been a full-scale crash. Under present conditions, with house prices already falling and many homeowners under pressure, a crash is not inconceivable. It would npset the assumptions on which the entire UK bousing finance market has been based.

So what are the options for those now in difficulties? The easiest one is a remortgage. For most of this year, the remortgage industry has been working flat out as people shifted their borrowing on to a more comfortable basis.

gages currently charge 12.65 per cent (Mortgage Corporation) or 12.99 per cent (National Home Loans), the annual rates There is a wide variety of for which work out at 13.5 per cent or higher. In any case, these rates have heen overtaken by the market and will go up before long.

Low start mortgages and

deferred interest mortgages. National Home Loans offer a fixed low start mortgage for loans of up to 65 per cent of a property's value. These can run for up to 40 years, 15 years above the standard 25-year life of a mortgage. They start at 9.95 per cent, with deferred interest being added to the loan after three years.

able, but you should make sure

that you are in a position to

switch to one. Many lenders charges stiff penalties to cus-

tomers who redeem their mort-

gages before a specific period is up. A one-year restriction is

quite common, but some lend-

ers may try to tie you in for up to five years. Of course, if they

want to get rid of a customer

with whom things have gone sour there is nothing to stop

lenders waiving their own

Fixed interest mortgages

offer a slightly lower rate than

the prevailing market does for

two or three years. The trouble is that these fixed rates tend to

rise with the market, so now is not the time to be shopping

around for one. One of the best

buys around at the moment is the Household Mortgage Cor-

poration's 11.95 per cent fixed

rate scheme - but applications close this coming Thursday.

More typical fixed-rate mort-

UCB, the French mortgage

start with the Leo II Plan starting at 9.95 per cent. This, bowever, has a true rate of 12.95, reduced by 3 percentage points in the first year, 2 in the second and 1 in the third.

Borrowers contemplating any scheme which defers interest payments have to ask themselves what is going to happen to their income in two or three years' time when their capital deht will have risen, probably at a faster rate than inflation. Will you be able to cope with the increased bur-den?

Borrowing to finance more borrowing is not the classical route to financial health, but there are times when it is not necessarily risky — for exam-ple, if your mortgage debt is only half the value of your home and you only need a few thousand pounds of ready cash. But if you take out a remortgage to boost your liquidity, you should be aware that you may lose some or all

of your right to tax relief.
With rates at their present extraordinary levels there are bound to be a lot of people for whom none of these options will work. Thair best hope must lie in getting their lender to agree to show forebearance Rather than build up unman-

ageable debt on other fronts (by using credit cards to finance food purchases, for example) they should talk to their mortgage lender early on and try to reach agreement to defer a small part of the monthly payments for a while.
If the lender does not like this, and insists on using a direct debit facility to siphon off the payment in full from your income each month, you should try to persuade him to accept a standing order set at a percentage point or two below the new full rate. December 31.

Point out that if all your sal ary is scooped up by him at the start of each month, then you are bound to build up deht problems which will eventually lead you into default anyhow Under present market circum stances, that is no more in his

Clare Pearson on the latest privatisation incentives

Bait is in the water Additionally, a greater num-

THE MOST generous package of customer incentives yet to be dreamed up for a UK government privatisation sbare issue - the biggest both in cash terms and in its availabil-ity to applicants - was announced this week ahead of next month's £5bn-£7bn flotation of sbares in the water

Investors who buy shares in their local water companies are to be invited to choose between bonus shares receivable after a three-year period, and a £20 cash discount on each minimum investment. On the Government's working figure of a £250 minimum stake, this amounts to a discount of 8 per cent — and it could be greater if the shares are priced more cheaply.

The cash discount is comparable with the bousehold bill vouchers on offer in the flota-tions of British Telecom in 1984 and of British Gas in 1986. But these amounted only, respec tively, to 6.9 and 7.4 per cent off the sum invested.

Not only is this incentive worth more money, but for those investing larger sums in shares, the benefit of it will come more quickly than it did with the vouchers offered in the Telecom and Gas issues. For instance, those investors who bongbt 2,500 or more shares in British Gas in December 1986, and - if they opted for them - got the maxi-mum number of vouchers, are still waiting to receive their final voncher entitlement on

But in the case of the water share issne, the discount about 8 per cent of the shareholding up to a maximum value of £3,750 - will come within a period of roughly 18 months from buying the shares. This is because it is to be spread equally over the second and third payment instal-

ber of people are eligible for the water offer incentives than was the case in previous privatisations. In the Telecom offer. eligibility for the hill voucher was limited to one person per telephone bill. In Gas, this was widened to include any member of the customer household but only one person was enti-tled to additional perks.

With the water offer, every member of a household receiving water or sewage services is eligible to make the choice between bonus shares and cash



PRIVATISATION

tial allocation in the event of oversubscription. As a result, incentives are now on offer to the occupants of some 96 per cent of the housebolds in England and

However, do not forget the catch: you get a significantly worse deal if you do not elect to invest in your local business. The heavy regional bias in the offer terms seems to reflect two government motivations: first, to broaden the geographical range of popular cap-italism; and, secondly, to make sure none of the 10 businesses are shunned by private inves-

As a result, the only perk on offer to you if you choose a business other than your local one will be bonus shares on a

an individual who makes a judgment that another business makes a better investment is penalised.

Although the Government is making sure all the businesses are (relatively) safe investments, there could well be, at the least, an opportunity cost in this local bias, especially given the former authorities' differing plans for developing non-core activities.

Some professional investors have been complaining about the quality of information available on the individual businesses given the gags unofficially imposed, ahead of the flotation, on their executives, and also the fact that so many analysts belong to securities houses that are involved in one or other of the offers.

The prospectus is not going to supply much information on longer-term prospects. For all the official disclaimers, the 10year summary balance sheets for the ousinesses leaked recently at the Labour Party conference are probably the best indications of the future, but again these are not going to be discussed officially.

If, when the shares are priced, they are seen as being cheap, the bonus share option could turn out to be highly worthwhile, particularly in the case of those businesses which carry out successful diversification programmes. But it will be important to remember, too, the political risk in picking this option, as the bonus issue is scheduled to occur after the likely date of the next general

E Look out for the announcement, early next week, of the cut-off date (likely to be mid-November) for registration with The Water Share Information Office (Tel: 0272 272272). Remember that you will not qualify for any incentives unless you pre-register.

Where next for interest rates, ask economists

Will gloom prevail?

ARE INTEREST rates likely to go up any further? A year ago, few economists predicted a 15 per cent base rate. Most felt that a rate of between 12 and 14 per cent would be sufficient to restore health to the economy. The prevailing forecast this tima a year ago was that we would have a base rate of 11 or 12 per cent by the end of 1989.

A year later, with a £20bn trade deficit in sight, it is harder to be sanguine. Indeed, an optimist these days is someone who believes that base rates will come down to 12 per cent by the end of next

There are not too many of such people around. Roger Bootle, chief UK economist at Midland Montagu, believes that we should see rates drop a little around the time of the next > Budget in the spring and ... eventually go down towards

12 or 13 per cent later in 1990. "I hesitate to predict that rates will go down very far . next year," says Bootle, "for two reasons. One is partly the fragility of the pound (sterling) on the markets. But there is also a political reason. If rates are cut next year, inflation will probably rise again during 1991 and 1992 ist at the time when the Government will be going into the next election."

So Bootle believes that 1990 will be a year of high interest rates and very difficult conditions for housebuyers

with large mortgages. Tim Congdon, who runs an economic forecasting company in Gerrards, the City discount house, tends to agree. "I think that rates will be cut next year," he says, "otherwise there will be the risk of a serious recession. So we can probably expect something

in four or five months' time." However, Congdon expects base rates to stay above 12 per cent for all next year and for there to be a general slowdown in the UK econo The good news will be deferred to the politically more

sensitive year of 1991. If that sounds gloomy, there is not very much comfort to be extracted from either economist's answer to the rates will go yet higher. Bootle thinks that they probably will not, but he is

not totally sure. "I would regard it as a 30 to 70 that rates have reached their ceiling and will not go up again," he says. "That is to say that there is a 30 per cent chance that they will go up for a while, but a 70 per cent

that they won't." This is because a further interest rate increase, if it happens, will be triggered not hy the need to curb spending at home but rather by the need to prop up the pound after a further set of bad trade figures. In his speech to the Conservative Party conference this week, Nigel Lawson, the Chancellor of the Exchequer, made clear that he will not shrink from another increase if necessary.

However, the Chancellor must be somewhat deterred by the knowledge that a further increase, if sustained for very long, could set off a recession. Its most immediate and painful effects would be felt in the housing sector, and among people who until now have been beneficiaries and supporters of the Conservative

D.B.

Borrowers are seeking help, says Sara Webb

Surge in remortgages

borrowers and savers this

The Halifax Building Society, the largest UK huilding society, said it would raise its mortgage rate from 13.5 per cent to 14.5 per cent from November 1. Abbey National quickly followed suit, announcing that it is raising rates on set of its mortgages from 13.5 per cent to 14.5 per cent from November 1. However, existing and new overmore with leans and new customers with loans of £60,000 or more will face a slightly smaller increase from 12.95 per cent to 13.9 per cent – since it recognises that a significant number of loans are now at that level".

John Charcol, independent more and visers reported

mortgage advisers, reported that since the base rate went that since the base rate went up on October 5, incoming telephone calls jumped by 50 per cent as people phoned for advice and help with their mortgages. Most wanted to know how the base rate increase would affect their mortgage repayments, how to reduce their monthly payments, and whether to consider a fixed-rate or deferred mortgage.

mortgage.
Others wanted to know how much it would cost to remortgage and whether there were any other alternatives. John Charcol points out that remortgaging costs can be high, and could even exceed any savings made, since there would be valnations, legal fees, redemption penalties, arrangement fees for tha lender and broker, and indemnity premiums to take into consideration.

The company says that its business has shifted dramatically in the past year. In 1988, 75 per cent of John Charcol's business was mortgages and 25 per cent was remortgaging. in the year to October 1989, this shifted to 40 per cent mort-gages and 60 per cent remort-gaging, while in the past week the remortgaging business has surged and now accounts for 75 per cent of business.

The following banks and building societies have announced changes in rates.

SEVERAL of the banks and building societies were quick are willing to advise customers to announce increased rates for who are facing mortgage diffi-

Mortgages:
Norwich & Peterborough Building Society has announced a cut-rate mortgage offer for new borrowers: 1.75 percentage points off the 14 per cent basic mortgage rate for new mortgages of £80,000 or more. It says that the differen-tial of 1.75 percentage points below its variable hase rate will be maintained until July.

· Yorkshire Building Soci-

ety raised its mortgage rate to 15 per cent for new and exist-ing customers, saying this was the "lowest possible (rate) consistent with remaining compet-itive on the investment side". It added that borrowers had been shielded since last May (when base rates last went up) from an increase in rates, and said "it could be argued that investors have had a raw deal". It is currently considering the new rates for savers which will take effect next

● Town & Country raised its basic mortgage rate this Fri-day by 1.25 percentage points to 14.75 per cent for all new mortgages. Existing borrowers will have their rates put np in the next couple of weeks. The building society has produced a booklet entitled, "Help with your mortgage", which is intended to explain how borrowers can reduce their problems in repaying a mortgage. For example, Town & Country suggests that those who are already in arrears could reduce the burden by paying by the week rather than by the month, or by trying to repay a little extra over a number of months in order to clear the

 Skipton Building Society is raising the interest rate charged on its mortgages (apart from its fixed-rate loans) by 1.25 percentage points to 14.65 per cent and 14.9 per cent;

• Stroud & Swindon Building Society is increasing its mortgage rate by 1 percentage point to 14.5 per cent. This takes effect immediately in the case of new borrowers and cent.

 Barclays Bank will increase the rates on deposits from October 23. Savers with money in a Capital Advantage Account (one month's notice) will see an increase from 9.8 per cent net to 10.75 per cent net. The rate on the instant-ac-cess Highar Rate Deposit Account is increasing from 8.4 per cent net to 9 per cent on sums between £500 and £9,999, and from 8.6 per cent net to 9.5 per cent on sums over £10,000. The rate on a Prime Account, which is an interest-bearing cheque account, will rise from 8.3 per cent to 9.2 per cent on sums of £1,000 to £2,499, and

from 8.6 per cent to 9.5 per cent on sums above £2,500; • Halifax Building Sopciety is raising the rate for most of its savers by 0.75 percentage points, and Abbey National is expected to follow suit; • Next week, Cheshire

Building Society will increase rates on its Premium Income Account, which is a 90-day-no-tice account. It will pay 10.5 per cent net on sums of £10,000 to £25,000, and 11.0 per cent net

on larger amounts;

• Skipton Building Society is raising the rate on its Excel Bond from 11.1 per cent net to 11.75 per cent per amum from Monday. The minimum invest-ment is 25,000. Savers have instant access to their money instant access to their money subject to 30 days' loss of inter-

• Town & Country Building Society increased the rate on its Classic investment account from 11.15 per cent net to 12 per cent net. The minimum balance is £25,000, and you are not allowed to withdraw your money before March 31, 1990. After that date, withdrawals are subject to 180 days' notice. North of England Build-ing Society launched its Clas-

sic Account this week, and is offering 10.25 per cent net per annum on deposits of £5,000 and above, up to £10,000. The rate on balances of £10,000 to £24,999 is 10.75 per cent per annum, and on sums of £25,000 or more the rate is 11.25 per





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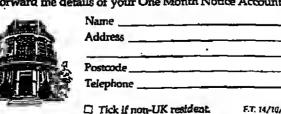
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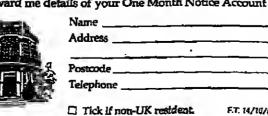
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FINANCE & THE FAMILY

The Week Ahead

Amstrad faces the crunch

THE BIG question concerning Amstrad, the electronics group which reports full year results on Tuesday, is how just awful the bad news is going to be. Analysts who last year were Analysis who last year were looking for pre-tax profits of up to £190m in the 12 months to June have more than halved their estimates, which could be reduced by a further £10m to £20m by stock write-downs. And Amstrad's share price has alwayed from last year's pack. plunged from last year's peak

of 2340 to 52p.

The tale of woe began with production difficulties in the Far East that cut supplies of Amstrad's video and audio products to the shops in the pre-Christmas period. Worst of all. Amstrad's long-awaited entry into the top end of the personal computer market backfired badly. Technical problems caused production to be halted temporarily in April, and 7,000 of the PC2000 range had to be recalled in July to replace an Amstrad-designed

There were also problems with distribution in West Germany, and questions will be asked about the reasons for the resignation of the managing director of Amstrad's Spanish

subsidiary. Analysts predict profits in the year ending next June could be as low as £50m. The City will be looking to chair-man Alan Sugar to chart a way out of these depths. At the back of everyone's mind, however, is last week's collapse of Hinari, a much smaller elec-tronics company but one oper-ating in the same bleak consumer spending environment.
Followers of Hawker Sidde-

ley will mainly be looking for comments on the strategic direction of the group from Alan Watkins, the recently installed chief executive, when the mechanical and electrical engineering concern announces interim results on Wednesday. Hawker is in a strong financial position, and the recent acquisition of Standards Aero of Canada could signal more moves to build up

Pre-tax profits are expected to have advanced from £80.6m to about £92m in the six months to June 30. Hawker started the year with full order books, which should carry it happily through the present 12 months. But some of its activities leave it exposed to recess UK. Balancing this, it also has long-term contracts in areas such as railway equipment and

the civil aerospace sector.

power supplies. of a rise in pre-tax Beazer, the construction £6m, up from £5.2m.

company which reports its profits for the year to June 30 on Wednesday, has an increas-ingly important part of its business in the US but, at this stage, that is causing mixed feelings. Although Koppers, treated as a wholly-owned sub-sidiary from January, has a strong business in aggregates it has also contributed to omi nously high gearing, estimated at between 100 and 125 per cent at the year-end.

Forecasts are for profits of between £127m and £132m, some of which have been revised down recently because of worries about the slump in UK house-building. There is also entired concern about also continued concern about Kier in the UK; this was largely responsible for an San loss on the contracting side in interim figures which, never-theless, showed a 30 per cent

profits jump. With earnings per share a 27p-plus, the prospective multi-ple is little more than five, with anxiety focusing on the gearing. However, most of the borrowing is not in the UK and, through this and debt management, Bezzer is paying considerably less than the UK

Attwoods, the waste disposal company, is expected to show a near-50 per cent increase in profits, to £21m or £22m, when it announces its results for the year to July 31 on Tuesday. Earnings per share should be up by about 2p to more than 22p. The figures reflect the company's expansion in the US, where 70 per cent of its turnover lies. The demand for its collection services has been buoyant, with income from the disposal of medical waste par-

in the UK, where it owns landfill sites, it has been part of what one analyst described as the "booming south-east waste industry." The only dis-appointments could be the graphite reclamation operation in the UK and a mobile incinerator in the US, making them

candidates for sale.
Increasing attention is being paid to Europe, where Attwoods bought a West German company in May. And there is also the question of what will become of the 34.2 per cent stake held by Laidlaw Transportation, the Canadian waste management and bus

Manganese Brouze Holdings, of taxicabs, reports results for the full year to June 30 on Monday. The expectations are

'Super umbrella' scheme launched

A "SUPER umbrella" fund of funds company has been formed to offer an unusual new investment management package for investors with a minimum of £15,000 at their disposal. Under the scheme,

put together by a new company called Umbrella Fund Management, stockbroker James Capel will provide a discretionary investment strategy based on umbrella funds offered by three separate groups: Eagle Star, Gartmore and Royal

The investor chooses one of three "profiles" —
conservative, balanced or
aggressive — and the
investment is divided equally between the wide range of specialist equity, bond and currency funds offered by the three participating groups. The front end (initial) charge is only 2 per cent and the annual management fee

1.5 per cent. However, there is unlimited free switching within each of the three umbrellas, so there is considerable flexibility for

James Capel to move the money around in line with changes in the market without incurring lots of extra charges. There are no bid-offer spreads on the sub-funds. Client servicing, administration and marketing

is being carried out by Umbrella Fund Managem which has been set up by former executives of Bell Noble Elliot, the Newcastle-based intermediary Newcastle based intermediary taken over recantly by the Burton Financial Services Group. It will provide quarterly reports and valuations but will not handle

the investment funds.

Alex Bell, managing director of UFM Management. said the scheme would enable investors to take fall advantage of the attractions offered by umbrella funds while being advised by one of the leading investment houses. The low initial charge meant that 98 per cent of the investor's capital would be used immediately.

John Edwards

COMPANY NEWS SUMMARY TAKE-OVER BIDS AND MERGERS

Accord Publit 98 176 343 488 595 301 12† 288 430† 108 202 270 552 243 430 22 185 Caparo Inda.
Gran Man.News
MB Group
Pembridge Invs.
STicase Strator
Lynx Holdings
MAI 95.80 11.72 337.6 697.00 328 520 602 480 61₂ 281 430† 430† 148 266 269 260 538 21₂ 215 62.1 0.95 33.2 Lynx Group Mit. Research Meat Trade Suppl. 9.18 11.33 Most Trade So ms Devel. Pearl Group Red Funnel Assoc Brit Ports Fuchs Petrolab TR Energy Textured Jersey 24.2 8.7 UCL Group; 80 147

"All cash offer 17Cash atternative. Partial bid. For capital not already hold. Dinconditional, "Based on 2:30pm prices 13/10/85.4at suspension. \$\$Shares and cash. \$Offer is 295p. for each stock unit registered on the London Stock Exchange and R18.53 for each stock unit registered in S. Africa. \$Alpha Gamma is making partial offer involving payment of 372p for 2 out of every 5 MTS shares. The total value of the bid is £9.78m. Also, MTS is offering £12.55m for Alpha Gamma

				Dividend ()	This ye
	Company	Announcement	Les Est	t year Final	int.
	· ·	Grib			- 4
	FINAL DIVIDENDS	Tuesday	1.5	2.85	1.5
	A108		0.5	1.0	0.56
	Allied Restaurants	Tuesday	0.4	1.0	0.4
	Amstrad	Tuesday	20	5.0	2.5
	Attwoods		2.1	4.25	2.45
	Castia Communications	Tuesday	3.0	4.2	3.5
	CDFC Trust	Thursday	-	0.7	2.0
	Exmoor Dual Investment Tat.	Tuesday®	-	1.75	20
	Clarelog (spettese (dV65), (St	Indiaday	<u> </u>	0.7 2.055	0.95
	District October 1985		0.765 2.26	3.75	3.0
s	Manager Rooms Holdings	Monday		3.10	
	stellmour Estates		. -		
0	New Central Witwaterstand	- £7100à	1.85	5.95	1.95
-	Paterson Zochonia	Tuesday	20	5.0	25 ::
S	Ramus Holdings	Thursday	<u>-</u> .	1.5	-
S	Regentcrest	Wednesday	-	3,375	72.
đ	Thorntons	Wednesday	0.65	-	0.82
,	MITERIM DIVIDENCE			100	
)-		Mondayir	0.6	1.2	A.S.
a	Blue Arrow		3.0	7.0	
	Boot Henry & Sons	Wednesday	5.5	1 2.0 .	
,	Broadstoner Holdings	Wednesday	. •	-	
Ŀ	Broadstoner Holdings	Wedneeday		10.0	*
đ	Chesterfield Properties	Wednesday	6.0 10.7	0.9375	2.1
¢	City of Oxford Invest. Trust	Wednesday	6.0	15.0	
	Cohen (A) & Co.	- Wednesday	4.5	12.5	-
£	Davies & Newmen Holdings Derwent Valley Holdings	Tuesday	1.5	46. /	1.00
ı,	East Rand Gold & Uranium Co		55.0	60.0	27.3
n	Fastern Produce Holdings	Friday	2.5	8.5	建 条 :
e	· Famell Electronics	Wednesday	- 7.5	8.6 2.4 0.07 1.20.0 1.8 1.65 1.4.1 7.0 4.5 2.0	3.5
n	First Cheriotie Asssets Tst	Tuesday Thursday	155.0	120.0	
s		Tuesday	1000	1.6	
	Geers Gross	Thursday	3.0	75.4	
ıt	Harding Group	" IUULEGEN	1.1	1,86,500	-
S	Howker Stockeley Group	- Wednesday Wednesday	8.4	14.1	Z. 12
1	House of Lerose	vednescay	. 30	4.5	
n	Hunting	Tuesday	0.85	20	
	Jackson Group	- Friday	-		
t	Kingston Oil & Gas Kymmene Corporation Midland & Scottish Resources	Monday	0.375	0.625	4
	Kymmene Corporation	Tuesday	2.4	3.0	· · · ·
t	Midland & Scottish Resources	Friday	·- ·- ·		
-	Mem illerade Licientes	- SHILL HOLD A	A 75	9.31	-
	Northern Foods	Monday Friday	4.75 8.5	2.0	· -
•	Ocean Wilson Holdings	Thursday!	418.0	415.0	
е	Petrocon Group	Wednesday .			_
6	Rand Mines	Wednesday Tuesday#	105.0 -	345.6	
Z	Roskel	Tuesday		3.0	-
t	Runciman Walter	Wedneeday	4.5	6.0	-
ŗ	Scottish Mortgage & Trust	Thursday	.0.9	4.5	•
Ē.	Serti Cowella	Tuesday	n/a	n/a	. [
_	Transworld Communications	Morday	. 20	8.0	-
1	Todor	Tuesday	0.67	2.0	-
_	Tudor Walker JO & CO.	Monday	. 3.0	4.5	-
1	Waterford Wedgewood Welkom Gold Holdings	Monday	1.2		-
ì	Welkom Gold Holdings	Thursday+	80.0	108.0	-
1	Westerly	Monday	0.5	2.0 0.2	-
	Whittington	_ Monday	4.2		

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Сотрату	ompany to (COO)		per share (p)		Dividends" per share (p)		
AMI Healthcare	Aug	20,910	(15,760)	20.5	(18.0)	6.0	(3.3)
BM Group	June	15,800	(8,800)	32.5	(23.8)	4.0	(3.0)
Britannia Sec.	June	9,600	(1020)	11.6	(13.7)	2.70	(2.25)
Gandatt Tech	July	981	(7,600)	0.5	(27.0)		(-)
Honeysuckie Grp.	May	1.620	(1,954)	12.8	(14.0)	5.6	(5.6)
Lloyds Chemist	June	10,250	(5.160)	14.8	(10.9)	2.21	(1.7)
LWT Holdings	Juty	27,840	(15.830)	18.9	(10.3)	62.4	(5.7)
Lyles S	June	1,040	(1.030)	9,45	(8.55)	3.75	(3.5)
Morex America	Junet	13,500	(3,900()	3.07	(-)	_	(-)
Pochin's	May	3,120	(1,780)	216	(124)	24.0	(19.0)
Savage Group	June	7,290	(8,960)	9,1	(13.4)	3.5	(3.0)
Shopherd Neame	July	3,590	(3,040)		(-)	11.5	(10.0)
Sincialr Wm.	June	3,340	(2.530)	13.9	(11.2)	5.25	(4.25)
Tay Homes	June	8.330	(5,150)	25.2	(15,7)	4.0	(2,87)
TIP Europe .	July	12,700	(9,071)		(13.7)	5.0	(4.2)
Town Centre Secs		5,020	(4,330)	3,65	(3.05)	1.6	(1 5)
Weish industrial	Apr#	24	(21)	1.01	(0.92)	-	(-)

INTERIM STATEMENTS (329L) (829) 1.0 Anglo Pacific Res. Arcolectric Holdings Atlas Converting Eq. Austin Reed Balille Gillord Tech (-) (1.5) (1.64) 1.64 Darby Group 0.5

1,060 128-2,190 34 L 766 L 63 48 790 8,760 967 1,830 1,030 232 1,130 94 L 227 3,120 287 1,450 428 1,040 9 L 3,060 2,260 5,120 655 16,900L 302 1,310L 107 4,050 4,050 4,050 4,070 Exploration Compan First Tokyo law Tst. Firstiand Oll & Gas Foward Technology (1,160) (1,050) (4,130) (1,290) (1,060) (254) (1,160) Hanover Druce HI-Tec Sports Jenners Jerome S & Sons Jitra Rubber Plents. (22) (2,971) Jones Group Lawrence (Watter) Le Cresset Lowndes Queens Miskin Group Mrs. Fields Musterlin Group NMV Computers (-) (1,6●) (-) (217) (15,080L) (25) (428L) (1,220) (16,500) (1,710) (44 L) (721) (2,350) 7.0 7.5 R&V Information Sys. 0.31 5.0 1.5 Scottien TV. S&U Stores Tuilow Off United Guarant Willsire Group (162 L) (1,150) 931.L 0.3 ands are shown not pence per share, except where ted. L = lose, trish punts & pence.† US dollars & cer

RIGHTS ISSUES Clogen Gold Mines is to raise E3m via a one-for-two rights issue.

Musterlin Group is to raise £3.6m via a one-for-three rights issue at 160p.

Radio Brandland is planning to raise £1.5m via a rights issue.

Rose Consumer Electronics is to raise £1.2m via a four-for-five rights issue at

iders & cents.! Part of a ca

tes is to raise about £5.75m viz a five-for-two rights issue at 25p: OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS Hartley Baird is to seek a Third Market quotation next month

HELICOPTERS

The Financial Times proposes to publish this survey on:

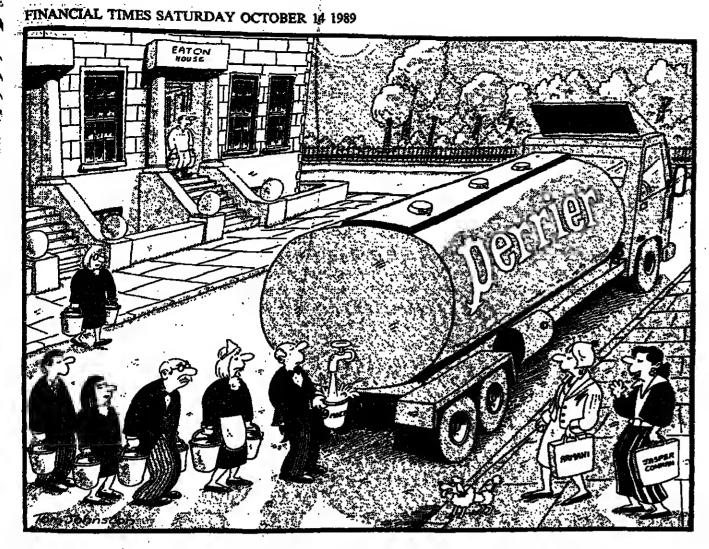
3rd November 1989

For a full editorial synopsis and advertisement details, please Contact lan Ely-Corbett on 01-873 3389

or write to him at:

Number One

Southwark Bridge London SEI 9HL



If eaunly we could.

This cartoon appeared in the London Evening Standard on 24th July, 1989.

The temperature in Bristol was 31°C and a rumour was sweeping the country.

The rumour was that the Perrier spring had dried up.

Let us say from the start that this rumour was incorrect. Baseless. Without foundation. Untrue. False.

And wholly understandable.

Perrier was, after all, very hard to find.

The reason wasn't.

It was a most unusual summer.

There was nearly 50% more sunshine than usual.

Lerwick in Shetland had 15.9 hours in one day.

London had 1110.2 hours from the beginning of May to the end of August.

On 21st July, the South East of England was hotter than Athens and Rhodes.

Part of the M20 melted.

There were nearly 50% fewer rainy days than usual.

Holiday bookings in the UK rose 20%.

Calls to the Marriage Guidance Council rose 15%.

Meanwhile, the Perrier spring was bubbling away, quite unaffected.

Why, then, if the spring hadn't run dry, did the supply run dry?

The answer lies in the unique nature of Perrier.

It is, as the label says, eau minerale naturelle gazeuse.

Naturally carbonated natural mineral water.

An awkward phrase, and a rare occurrence.

(For geological reasons, no such thing occurs anywhere in the British Isles, where nature can provide the water but man must provide the bubbles.)

There is only one Perrier spring.

By law, it must be bottled at source.

In other words, it must go into the bottle where it comes out of the ground, exactly as it comes out of the ground.

We can't ship it in tankers or plastic boxes, or sell it to somebody else to bottle under licence.

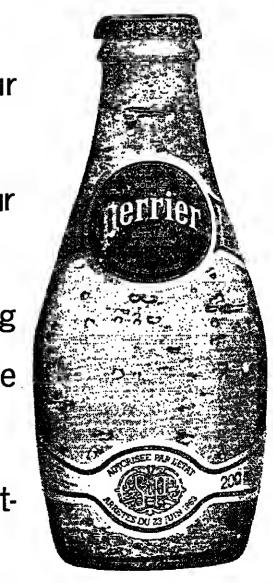
And, this summer, we couldn't bottle it fast enough. For, if the weather was unusual, the demand for Perrier was phenomenal.

Please, then, accept our apologies.

We are now enlarging our bottling plant.

If next summer is anything like this summer, there might be a shortage of water.

But not, we hope, a shortage of Perrier.



FINANCE & THE FAMILY

INTEREST RATES				ES: WHAT YOU S			OULD GI			IONEY
	Compounded return Quoted for texperers at		Frequency of	TEX (see	Amount invested £	Withdrawal				
	rate %	25%	40%	payment	notes)		(days)			
CLEARING BANK'										
Deposit account	4.50	4.60	3.65	monthly	1	-	0-7			
High Interest cheque	6.50	6.70	5.36	monthly	1	500-4,999	0			
High interest cheque	8.00	8.30	6.64	monthly	1	5,000-9,999	0			
High Interest chaque	8.40	8.70	6.96	monthly	1	10,000-49,999	0			
High interest cheque	8.80	9.20	7.36	monthly	1	60,000	Ö			
BUILDING SOCIETY?										
Ordinary share	6.00	6.09	4.87	half-yearly	1	1-250,000	a			
High interest access	6.00	8.00	6.40	yearly	1	500	0			
High Interest access	8.25	8.25	6.60	yearly	1	2,000	o			
High Interest access	8.75	8.76	7.00	yearly	1	5,000	0			
High interest access	9.00	S.00	7,20	yearly	1	10,000	0			
90-day	8.00	9.20	7.36	half yearly	1	500-9,999	90			
90-day	9.45	9.67	7.74	half yearty	1	10,000-24,999	90			
90-day	10.00	10.25	8.20	half yearly	1	25,000	90			
NATIONAL SAVINGS										
Investment account	10.75	8.05	6.45	yearly	2	5-100,000	1 mth			
Income bonds	11.50	8.09	7.28	monthly	2	2,000-100,000	3 mths			
Cepital bonds	12.00	9.00	7.20	yearly	2	100 mln.	3 mths			
34th issue#	7.50	7.50	7.50	not applica	3	25-1,000	8			
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14			
General extension	5.01	5.01	5.01	not applic.	3		8			
MONEY MARKET ACCOUNT	40.00	11.20	8.96		1	2,500				
Schroder Wagg	10.66	11.59	8.27	monthly	i	1.000	0			
Provincial Bank	11.05	11.59	8.21	Monthly		1,000				
UK GOVERNMENT STOCKS	12.69	10.57	8.30	half yearly	4		o			
8pc Treasury 1991	12.26	10.14	8.87	half yearly	4	-	ŏ			
10.25oc Exchequer 1995	11.15	8.52	6.95	half yearly	4	_	ŏ			
Spc Treesury 1990	11.68	10.89	10.41	half yearty	7		ŏ			
Soc Treasury 1992	10.32	9.48	8.98	half vearly	4	-	ă			
Index-linked 2pc199255	8.79	9.27	8.96	half yearly	2/4	-	ŏ			

Lloyds Bank Halifax 90-day; immediate access for belances over £5,000.4 Special facility for extra £10,000 \$Source:Phillips and Drew. \$\$Assumes 5.5 per cent inflation rate. 1 Paid after de Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

John Edwards examines a Save & Prosper plan A regular income PEP

special feature of the new-style Personal Equity Plan (PEP) launched by Save & Prosper this week. Some groups insist on income being reinvested in their PEP schemes to help build up the fund. But Save & Prosper has moved in the opposite direction. It will allow you to be paid any dividends received on PEP shareholdings gross. Or alternatively, you can opt to receive regular income at a fixed level of your

choice, although this might involve using up capital. The group has widened the range of its PEPs available to three separate versions: unit trust only, with a choice of four funds; a managed portfolio investing in some 12 shares chosen by S & P; or a dealing account, where investors or their advisers can make their own selection out of 140 leading (Alpha) shares quoted on the London Stock Exchange.

In each case the minimum

charges. However since the S & P unit trust charges are at the lower end of the scale, they are fairly competitive in spite of the additional 0.25 per cent. The dealing account PEP seems an expensive way of

buying shares. There is an "asset charge" of £25 per share a year, with a minimum of £50. This is in addition to an initial charge of 1.5 per cent, and brokerage of 1.75 per cent. The managed portfolio is not cheap either. Brokerage is slightly lower at 1.5 per cent and there is no "asset charge". However there is an initial charge of 1.5 per cent and an annual man-

lump sum investment is £1,000, but with the unit-trust only agement fee of 1.25 per cent.

The group has come up with all kind of statistics illustratplan you can have regular ing the gains made by being able to reinvest tax-free divi-dends. It estimates, for examsavings of only £25 a month. The bad news is that unlike most other groups, S & P is adding an annual charge of ple, that £200 a month invested 0.25 per cent of the value of the fund onto the unit trust only over the past 25 years would have grown to £724,817 in a PEP instead of just sticking to standard high return unit the standard unit trust trust, and £1,050,995 in a PEP

version of the same fund. However these assumptions are really only valid over a long period and there is no guarantee that the tax concessions may not be changed.

Meanwhile S & P's associ-

ated company, Fleming Invest-ment Trust Management, has launched a PEP covering its range of investment trusts. It allows investment in any of the group's 11 trusts, up to the maximum permitted under the PEP regulations with the remainder (up to £4,800) invested either in a managed portfolio or in leading shares chosen by the investor.

Eric Short on personal pensions

Running your

investment portfolios.
This week, the Iuland
Revenue announced that life companies and other personal pension providers could, if they so desired, introduce into their contracts the facility to allow investors to direct how their contributions, and the underlying funds, are to be invested. This move, foreshadowed in the Budget, is part of the government's general policy to encourage wider share ownership by giving investors greater

The list of investments acceptable to the Revenue is comprehensive, but not exhaustive. It replicates the acceptable investments for unit-linked life assurance

products:

Fixed-interest stocks and equity shares quoted on the UK Stock Exchange, including securities traded on the

Unlisted Securities market.

Stocks and shares traded
on a recognised overseas stock

■ Unit trasts and

investment trusts and
investment trusts.

Insurance company
managed funds and
unit-linked funds.

Deposit accounts.

Commercial property.
Investment in respect property is not allowed. Neither are so-called alternative investments, such as wines, works of art or

stamps.
Above all, investors cannot use their personal pension to buy their own private yacht

There are also certain restrictions banning the passing of investments between the investor's personal pension and any other assets he or my of his family or associates may hold. But if the personal pension assets held by an individual

includes commercial property, then this property can be leased to the investor and/ or his associates on commercial terms. The obvious use of this

facility relates to property used by the investor in his business, such as an office block or a factory or

investor could have, as yet. a sufficiently large value in his personal pension to acquire a suitable commercial property, the Revenue will permit partners to hold the property jointly and lease back, relying on the life

company to ensure the

conditions operate fairly in accordance with the rules. There appears nothing in the rules to prohibit an investor trading in shares, such as buying a particular stock in the morning, selling it in the afternoon and buying it again the following day, providing he is prepared to

meet the charges imposed by the provider. However an investment manager of a company pension fund trading in this manner would soon have the Inland Revenue inspectors asking to see their records and having their tax status removed.

On a more practical note, this DIY investment service will be costly to administer and charges will be much higher than those normally imposed on personal pensions. Life companies are not obliged to offer this facility. But for those which do, it will

be very much an upmarket operation for high net worth individuals paying substantial contributions on personal

It will certainly not be made available to the 3m personal pension contracts used to contract out of the State Rarnings-Related Pension

Some companies, such as Sun Life and Scottish Equitable, are already very active in the Small Self-Administered Pension Scheme sector. Others, such as M & G Group, have always taken the strong line that they are investment managers, not custodians, and if people want to manage their own money there are other institutions

which will accommodate them. The majority of life companies and other providers will probably offer the facility, charge heavily for the service and keep very quiet about it and hope it is not used widely. Finally, there is the question of this DIY investment facility

in relation to the financial



services regulations.

Although the individual is doing his own investment, technically the assets are held in the name of the provider, because the Revenue wants to ensure that the investor cannot get his hands on the money before he is entitled, that is from age 50 or on

But this requirement could impose an obligation on the life company provider to ensure that the person handling or advising on the investments is authorised to

In particular, the above list of permitted assets provides independent financial advisers the opportunity to offer a broker bond style service on pensions to their clients.

Ironically, however, ths Securities and Investments Board (SIB), the financial services watchdog, is in the threes of consultation with the life assurance industry over its proposals to introduce regulations that are likely to bring the demise of broker

It appears that the inland tevenne has followed its usual practice of not discussing its proposals in advance of their publication.

At the time of writing SIB officials were still awaiting the copy of the Revenue proposals, so they were not prepared to comment officially.

But it is apparent that the in controlling broker bonds will have to incorporate control of this DIY investment facility on personal pensions.

Until the situation is clarified, investors should be cautious about taking advantage of this opportunity to control their own pension plan investments.

John Edwards hears some advice on where in the world to invest

Snub for gilts

PUT YOUR money in Europe, preferably Germany or Spain, and avoid glits like the plague. That was the advice given by Trevor Pullen, investment dimentary of the Department of director of the Prudential, this week at the group's annual erence for investors in its VIP Portfolio.

Reviewing prospects for next year, Pullen said there is conyear, Phillen sain there is considerable evidence that consumer demand growth is slowing, especially in the US and UK, so it appeared that a "soft" landing is the most likely outcome for the world economy, which had been growing at an unsustainable, and potentially infistionary, rate. inflationary, rate.
This means that there is con-

siderable potential for equities to continue their strong perfor-mance into 1990. The Pru hadpositioned its portfolios to be overweight in global equities as a whole, but the proportion varied from country to coun-

try, he said.

The US market's current market valuation was quite high and already discounting the good news, while perhaps not enough consideration was given to the negative effects that the slowdown in the econ-omy would have on corporate earnings. He thought, there-fore that the prospects for US equities was delicately poised between a probably good per-formance and a bad performance that was unlikely. Pullen said solid, but not

also expected from the Japa-nese market next year, which is likely to be dominated by the trends in inflation and interest rates. interest rates.
European markets, he said, are the favourites for 1990.
Although European inflation may "tick up" a little further yet, the Bundesbank, which has a major influence on all economies in the European Monetary System, appears to Hon

cut

Monetary System, appears to have events and policies under control so that annual inflation rates should peak by the end of this year. The stock markets in Holland, Switzerland and Ger-many should all benefit. Howmany should all benefit. However, the German market in particular was one of his tips, together with the Spanish market, which Pullen said was currently one of the most attractively valued in Enume.

Looking at the UK market, Pullen said it looked as if the soft landing would be a more protracted affair than initially expected and this meant that an early easing in interest rates was unlikely.

As for the glits market, he believes it is fundamentally unattractive to those seeking good real returns and is acutely vulnerable to any adverse inflation surprise. This agreese mination surprise. This is particularly dangerous given the possibility that double figure pay settlements could become embedded into the system, he said. So they were likely to star clear of silts for likely to steer clear of gilts for the next year.

Broker's priority

PRIVATE INVESTORS will be the main priority of a new firm of stockbrokers formed by the merger of an old established firm, Raphael Zorn (founded as R. Raphael in 1787) together with Hemsley & Co Securities, a company set up only 18

months ago.

The merged company,
Raphael Zorn Hemsley Holdings, will have no minimum portfolio requirements and will be prepared to take on discretionary portfolios of only £10,000. Oliver Hemsley, managing director of the new com-pany, said it would rely heavily on private clients for the bulk of its business and would try to bring new money on to the Stock Exchange

Raphael Zorn has traditionally catered for private clients, and already has some 5,000 active investors. But Oliver Hemsley, manag-

ing director of the merged company, said it will seek to expand the existing base, offer-ing traded and currency options, PEP and Business Expansion Schemes, as well as corporate advice to small companies particularly for rights issues and placings.

Hemsley said there would be no management fees. Commission was 1.65 per cent on the first £10,000, with a £30 minimum, and 0.5 per cent thereaf-

J.E.

In



to pump up your savings Nothing builds up a healthy portfolio like regular investment. Using our new Investment Trust Savings Scheme you can make monthly, quarterly or annual payments, with minimum amounts of £25, £100 or £250 respectively in any of our six investment trusts. The Scheme also provides for occasional investment and for dividend

All six of our investment trusts have one thing in common. The unparalleled skills of

Kleinwort Benson Investment Management. Take Merchants Trust for instance. The AITC statistics show that over the five years to 31st July 1989 the net asset value total return was 169-1% and the dividend grew by 172-7%.

And over the same period the respective figures for Kleinwort Smaller Companies Investment Trust were 214% and 67%.

Just two examples to show how those skills For further information fill in the coupon below.

To: Peter Longcroft, Kleinwort Benson Investment Management, Investment Trust Savings Scheme, 10 Fenchurch Street, London EC3M 3LB. Tel: 01-623 8000.

Investment Trust Savings Scheme.

Please send me further information on your

Kleinwort Benson Investment Management Limited

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Past performance is not necessarily a guide to the future and share prices can fall as well as rise so that you may not be able to get back the amount you invested.



Have you woken up to the potential performance of

Few private investors have. In fact, investment trusts could be called one of the best kept investment secrets.

Yet they can also be one of the most effective ways to exploit the stock market. So let Touche Remnant introduce you to the opportunities.

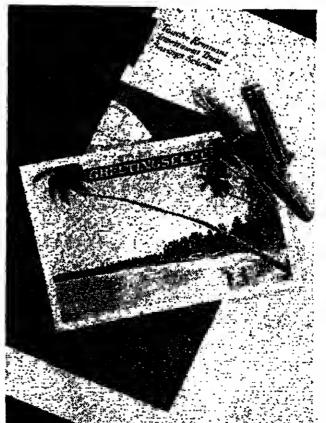
We are one of the UK's largest investment trust groups, with over £1,000 million assets under management, Some 25,000 shareholders, both large and small, already benefit from our expertise.

And, with the Touche Remnant Investment Trust. Savings Scheme, we offer a flexible and inexpensive way to start an investment trust portfolio.

You can select from a range of trusts managed by Touche Remnant, designed to cater for a variety of investment objectives. You can invest from £250 upwards. You can even invest as little as £25 a month.

To find out more about the Scheme, write or call us for a copy of our information pack.

Who's discovered our Investment Trust Savings Scheme?



We believe you'll find it quite an eye-opener.

For a complimentary copy of the Touche Remnant Investment Trust Savings Scheme information pack (including an application form), call

Mr. J. Hall on 01-236 6565. Or post this coupon to: Investment Trust Savings Scheme Department, Touche, Remnant & Co., Mermaid House, 2 Puddle Dock, London EC4V 3AT.



TOUCHE REMNANT INVESTMENT TRUST SAVINGS SCHEME

Title: Mr Mr M	rs 🗆 Miss 🗀	Mis 🖂	nvestment Trust S externan will call, Other
First Name(s)			
Surname		•	
Address			
			- 7
Town/City			TOUG
Postcode		PT.14.10.80	REMINAL

How to cut tax bills for married couples

ie advio

MARRIED couples like us, consisting of one idle, unpropertied wife and one underpaid "high earner" with a substantial portfolio of shares in his sole name, have been hard at work recently. We mean to take full advantage of the fact that married couples will be taxed independently with effect from next April, and have knuckled down to transferring the shares into joint

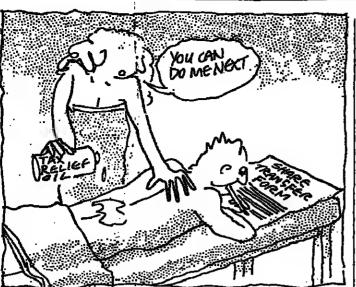
l had heard that hrokars charge up to £20 a tima to do this, and I can see why - it is a tedious and fiddly chore. But it is perfectly "do-ahle," indeed surprisingly easy. And the financial advantages at least make up for the tedium.

Some articles in the financial

press have suggested that joint ownership might not in all cases be enough to satisfy the tax man that half of the income really belongs to the wife. So I began by writing to our tax inspector, explaining that all our dividends from shares were paid into a joint

He simply replied with book-let IR 80. Independent Taxation: A guide for Married Couples." It says on page seven: "If you and your husband or wife in your joint names: ... shares ... you are treated as if you owned each of you pays tax on half the income." That seemed

clear enough: I set to work. The first stop was the legal stationers for a sheaf of Stock Transfer Forms. The certificates were then retrieved from the bank - that took my husband half-an-hour of hard signing. There were certificates 30 years old and more, magnificent documents, apparently intended for framing, with my husband's name filled in in copperplate. There were certificates for dinosaur companies so long extinct as to be entirely forgotten. No one but us could possibly have been paying their bank an annual Safe Custody fee for the preservation of



shares in Standard Canners and Packers of South Africa. Sorting out what the certificates actually represented wasn't always easy after 30 years of takeovers, share splits and rights issues. Sometimes, after a takeover or name change, the company issues new certificates. Sometimes the old ones take on a new meaning. My husband's Associated Portland Cement certificates represented shares in Blue Circle. And just the other day Blue Circle had a two-forone split without issuing any certificates, so the number of

> Jean Miles prepares for independent taxation

shares owned no longer matches the number shown. Christie's, on the other hand, has recently issued completely new certificates after a fourfor-one split. My husband's 1974 certificate looks very official, hut is worthless.

in most cases. I was able to straighten out questions such as this myself. The most recent tax voucher would show how many shares my husband was credited with on the company's books. Diligent research into our financial archives and some hard work with the cal-culator usually produced a corresponding figure for the

In cases where I couldn't hring about a match, or where the company's Registrar (ICL umbelievably) or when the most recent certificate was so old I feared the Registrar might have changed, I went to the Blairgowrie branch of the

Royal Bank of Scotland for help. And they helped, promptly and cheerfully. Compared with all that, actu-

ally filling out the Share Transfer Form is easy. I copied the details exactly as they appeared on the share certifi-cate - Name of Undertaking Description of Security, Name of Holder. Further on, where it says "Full names . . of the persons to whom the security is transferred," I put our names and the address all over again. Names must be given in full, however emharrassing: hirth, marriage, death and share registration have that in

On the reverse of the form one is offered a choice of 13 reasons why this transfer might be exempt from stamp duty. The right answer is "L," signifying: "The conveyance or transfer of property operating as a voluntary disposition inter vivos for no consideration in money or money's worth nor any consideration referred to in section 57 of the Stamp Act 1891 (conveyance in consider-

It took a long time to fill out all the forms, not because we are desperately rich hut because our share portfolio is rather like our annual flutter on the Grand National namely 50p each way on almost every horse in the race My husband signed and dated each form, and I sent them with the share certificates to

the company Registrar. Now the new joint certificates are flowing in by every post, each envelope without fail addressed to my husband er-produced certificates inside are far less lovely that their predecessors - but then we can always frame the one for

Passing on an estate

following information: I) Some of my securities are registered in joint names,

mine and my daughter's. I provide the purchase capital and declare the dividends as my income. I know that, on my death, she will automatically inherit these securities but, as regards the value of the estate, will they be regarded as mine exclusively or in part owned by my daughter?

 My mother died a year ago and I have now obtained probate. I am the sole executor and beneficiary. I would like to pass my mother's estate to my children by deed of family arrangement, but do not wish one danghter to have access to her share as long as she is working for an evangelical

organisation. She now tells me that this work will extend beyond the two-year statutory period after my mother's death. Can I set up a trust for her in such a way that access is deferred, for example, until she is 30, or I decide that the time is appro-priate, or my death? If I can set np snch a trust can I administer it, that is switch over investments? Can I seli these investments before setting np the trust and then express the trust in terms of a monetary value or in terms of other securities which I might buy with the proceeds? And, if the answer to that is yes, should I now register these

securities in my name? Incidentally, my mother's estate was not subject to CTT and the object of the exercise is the reduction of my eventual estate.

■ 1. As you treat the income as entirely yours, the Capital Taxes Office might well take the view that the joint account is in reality yours, and treat the whole amount in it at death as having been in your estate immediately before your death. 2. You can set up a trust question until she attains a stated age, hut she must not bave a right to the income before that date without becoming entitled to the capi-tal as well. A protective trust, which gives her income until she attempts to alienate it or hecomes bankrupt, may suit

the situation. There is no objection in law to your being the trustee, or one of the trustees of the trust, and you can realise securities and simply pay money into the trust leaving the trustees to decide how to invest it. It is better not to purchase new securities until after the trust

The wrong direction

MY WILL contains a clause saying: "If N. survives me, I give devise and bequeath to her or as she may direct in writing . . " Some specified assets are then itemised. My purpose in empowering N. to re-direct the bequests, if she so wished, was to enable the assets to ness directly from my estate to whomever she directed them and not become part of N's estate.

I assumed that this would avoid the possibility of a second charge to inheritance tax in the event of N. (who is elderly) dying within seven years of me, and that if she re-directed any of my bequests to a charity, that part of my estate would be exempt from inheritance tax.

I have just been told by another solicitor (not the one who drew up my will) that my assumptions are incorrect. He says there is no halfway house between a direct bequest and a trust, and that what I have done implicitly is to create a

WOULD be obliged for the under which the interest will trust and, therefore, a poten-ollowing information: under which the interest will trust and, therefore, a poten-interest will trust and, therefore, a poten-

■ We think that you have created a general power of appointment, not a trust; but the effect will be that the gift is treated for tax purposes as being an outright gift to N.

New road for old

EIGHT YEARS ago, a section of roadway slipped down a local hillside. The road serves over 100 people, plus several huslnesses. When the slip occurred the council made a new cutting, filled it with two-inch stone, then placed on top of this a twin section of boards. Every year since, the county roads department has promised to put in a perma-nent road but we are still waiting. Can we take any action in law to force their

■ If the road is a public highway, it would be necessary to try to make the local highway arthority carry out its duty. If it will not do so, your remedy is to obtain the leave of the Attorney-General to bring a relator action in the name of the Attorney-General, who is responsible for enforcing such duties. You should consult a solicitor as to how to set about

Ministry at fault?

MY LATE father owned a 300-acre farm. In 1940, it was requisitioned by the Air Minis try to make a new airfield. Only part of the land was converted to runways and the fields were let by the ministry BRIEFCASE

father died in 1960 and I am his executor.

Mr A. and his son still farm the land and I understand they are still tenants. But now I hear they are proposing to sell part of the land on the market. I understand that the ministry sold them the whole farm in

1965 without notifying me.
I always wanted to huy the farm myself. Is there anything I can do?

■ The situation you describe might have involved a hreach of the "Crichel Down" guide-lines at the time of the sale of the farm in 1965. You should consult a solicitor with a view to seeking compensation from the Secretary of State for

Act now to reduce tax

MY BROTHERS and I do not own our own houses but use our father's house as a base and home. We are very much involved in its npkeep. As our father is in his 80s, we wonder if wa should be taking any measures to minimise inheritance tax problems.

It would be wise to encourage your father to make some disposition now which would reduce the impact of inheritance tax. He could, for example, sell the house to his sons and also give some of the pro-ceeds of sale to them; or be could make a gift of all or part of the house. It would be wise to ohtain professional advice.

Inheritance tax saving

OUR HOUSE, currently worth about £200,000, is owned by my wife and I under a joint tenancy. If we were to have this changed to a tenancy in common, we could each alter our wills so that, instead of leaving everything to each other, we left our half of the nouse to our children on the first death, thus saving £40,000 in inheritance tax at

I believe that this has certain disadvantages. If one of our children should get into financial difficulties or get divorced, the house might have to be sold, for example; or if the surviving spouse sold the house, half the proceeds would belong to the children,

and so on.

It would be possible to leave the half of the house owned hy the first to die to a discretionary trust, the trust having the power to advance money to the beneficiaries hy loan or outright gift. The beneficiaries would be the surviving spouse and our children, and the survivor would be one of the trustees. The house would then be ont of the reach of creditors and divorce lawyers and, if the survivor wished to sell it, the trust could lend its half of the proceeds back to him to huy another.

Is this feasible, and would it he accaptable to the Inland Revenue and still save

■ What you suggest would be feasible. However, you would have to provide in the discretionary trust that the trustees should not realise their interest in the house before a stated period or the prior death of the surviving spouse. You would also be wise to leave less than the full half share to the children and a small part of it to the surviving spouse. That way the surviving spouse will have the major interest in the house and can retain possession by

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Learning to promote independent advice

"CAMIFA IS dead! Long live IFA Promotion." Great news for some, but just what is the difference between the two and how does the change affect the private investor?

The Campaign for Independent Financial Advisers (Cam-ifa) was launched in February 1987 hy 14 life companies, all of which at that time relied on independent intermediaries to sell almost all their products to the public.

Camifa was set up to protect the future of independent financial advisers, whose existence had been put under pressure by the introduction of the Financial Services Act.

On one hand the indepen-dent financial advisers (IFAs) were assailed by the costs and heavy administration requirements of compliance with the Act, while at the same time commission payments were pegged at the agreed industry scale. On the other, they were faced with losing husiness as a result of being forced to make full disclosure of the commission they received.

Under these circumstances, IFAs were being encouraged to switch from being independent to becoming "tied" to individual life companies and sell only their products. As a result there were fears that the independent sector would shrink, drastically reducing the number of outlets selling a range of products and services.

So, initially, the purpose of Camifa was to prevent inde-pendent intermediaries becoming tied agents. However, conditions have been made less onerous for IFAs by a reduction in the fees paid for authorisation, the watering down of the commission disclosure requirements, and the scrapping of the maximum commission agreement. Life companies are now able to increase the commission payments to IFAs to match those made to tied agents.

There is little doubt that the high profile maintained by Camifa helped concentrate the minds of the rulemakers on the problems facing IFAs. This in turn hrought about the relaxation of the proposed rigorous regime being imposed.

Later, Camifa moved up a notch or two by actively promoting the independent financial adviser to the general public. it produced a logo to enable the public to identify an IFA. together with the slogan, Independent Advice is Best Advice." It also ran a free helpline providing callers with details of the nearest IFAs to their home or work. More than

40,000 calls have been received on this line.

Peter Glover, chief executive of Camifa, cites the large volume of calls received as evidence of the success of the Camifa for bringing home the

message to the public. However, it cannot have been too successful, since Camifa received a hammer hlow when one of its major supporters, the Norwich Union, announced last December that it was setting up a tied agency force - a move quickly fol-lowed by Scottish Amicahle, Standard Life and Scottish



Hindle, Joanne

Something had to be done, since the original rationale had en undermined. So IFA Promotion was horn. Glover claims that It was always the intention of the sponsoring life companies that ultimately the IFAs themselves would take over the campaign, but this became inevitable once its leading sponsors accepted tied

One major aim of setting up IFA Promotion was to provide a vehicle for this smooth transition, while maintaining and building on the achievements

Initially, it will be a joint enterprise between its 22 spon-soring life companies and unit trust groups, as well as some IFA representatives. Glover is chairman and Joanne Hindle, previously with BIBA (British Insurance and investment Brokers' Association), is the new

chief executive. The 12 person hoard will comprise six directors appointed by the sponsoring companies and six directors

from the IFA associate mem-

The sponsoring companies have agreed to guarantee £2m for the first year's hudget. But the intention is that the IFA members will fund the opera-

> Hence the first task of the new company is to encourage IFAs to become members. The basic initial annual subscription is £100 for authorised firms, with a supplementary annual subscription of £10 per registered individual.

> Although this subscription may not seem much in itself, IFAs have been used to life companies meeting the bills. IFA Promotion, therefore, could have a difficult task in

> recruiting members.
> As a stick to persuade waverers to support the new venture, IFA Promotion intends to ban the use of its logo by all IFA firms which do not join. This is supposed to take effect from the beginning of next year, though how IFA Promotion can legally enforce this ban is not at all clear.

> The success of this new venture will depend entirely on the total support from IFAs. And to get that support IFA Promotion will need to convince the IFAs that it is worth supporting.
>
> However, the new company

> appears to have got off to a good start, with more than 2,400 requests for information and details of membership in the two weeks since launch.
> If this momentum is kept up, then IFAs have the ability to

make the new company into a vehicle that will be a positive help in their business. At present, tha scope and objectives of the company

appear too narrow, being confined solely to promoting IFAs and the independent message. While the independent message needs to be promoted, the most productive means of doing this will be from the IFAs themselves. The stage has now been reached in IFAs versus tied agents where actions will speak louder than words.

IFAs now have to show the public that independent advice is indeed the best advice by doing precisely that - giving the best advice and service.

Some people believe the company should widen its horizons to provide the back-up services that IFAs need to operate effectively under the Financial Services Act - namely providing the research needed by IFAs to meet the best advice requirements of the Act.

Eric Short

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THE INVESTMENT HOUSE

MINDING YOUR OWN BUSINESS

The notion that some areas of business remain the preserves of men is disproved quite regularly and relentlessly by determined women, argues Roy Hodson. Here, he tells the stories of two young mothers in London who have, respectively, taken interior design into the mud and confusion of house-building sites - and brought a feminine touch to the gritty business of marketing books.

One-woman publisher

PUBLISHING is not a game for the faint-hearted. But 37-year-old Heather Sherratt is drawing on her 17 years in the trade in a single-handed bid to publish and market two children's books this autumn under her own imprint, Heather Books.

She admits that marketing is the hardest part of her chosen task: "It seems to be a male preserve often conducted in pubs." Persistence is paying off, though.

After visits to the headquar-

ters of the main book-shop chains and clubs, not to men-tion several "cold" calls on retail outlets, she has high hopes that Otto and The Kidnap and Otto and the Sea Circus, both written by Tom Cotcher and illustrated by Christopher Ellison, will catch the Christmas sales boom at

She has also had a lucky break. Thames Television is helping with publicity because Cotcher and Ellison both are actors working in the com-pany's productions. Heather Books is the fulfil-

ment of a dream for Sherratt, who lives with her husband and daughter in Clapham,

THE IMAGE of interior design is soft and chintzy. The reality is that it is a tough and ruth-

lessly competitive trade where

practitioners slug it out in a

corner of that macho world, the building and construction industry. All of which indi-

cates there must be much more to Rosie Winston, 30, than her

gentle, public face as a slightly-built blonde mother of

Winston began her own business, called Clifton Interiors,

three years ago from a stand-ing start. This financial year, as the accompanying sales and profits' table shows, she

expects a turnover of around

£600,000. She is now employing a full-time designer and a book-keeper and has ambitious

plans to increase her sales by

50 per cent during 1990. Winston's secret is her grasp

sooth London. Her attachment to publishing began when she was a student at the Chelsea School of Art early in the

She used to sneak days away from the course to learn the tricks of the trade at Weidenfeld's. She retrieved her academic reputation by doing "a year's hard work" at the London College of Printing before going on to a career that covered a series of publishing ered a series of publishing

Reading the Otto books made her think seriously about starting a company of her own to handle them. "With few exceptions, publishers don't do as much as they should to mar-ket their books," she says.

"My company was set up with the intention of changing that by making sure that peo-ple are aware of the project." With the books having col-our on every page, telegenic characters for the author and

illustrator, and the sympa-thetic helping hand of a major television company, the ness has got off to a good start. Nevertheless, Sherratt says it has been a struggle all the

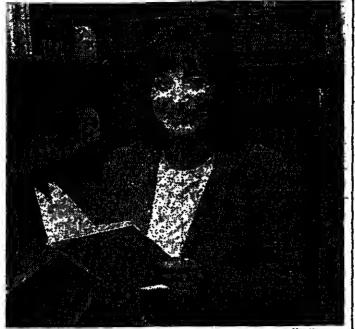
The best financing she could obtain was a modest £12,000 loan from Lloyds Bank. "You can get almost that by holding a gold American Express card," she points out. ard," she points out.
But the limited capital was

just enough for her to produce the texts by desktop publishing and then have 7,000 copies of each book printed. She needs to sell about 4,000 apiece to break even. Such print runs for the first

editions of children's books are more than twice as high as the norm in the trade. But she is confident that her marketing push will bring in the neces-From the retail price of £4.95 for each book, the seller will

take between 33 per cent and 50 per cent. Seemingly, the bigger the book chain, the bigger the cut it can demand. cut it can demand. She has done a deal with a distribution company, Vine House, to handle warehousing and provide regular sales representation. That will cost her about 30 per cent of the net price after the sellers' cut.

making a fortune. But publish-After paying printing costs, incidental expenses and ing, says Heather Sherratt, has a way of carrying you along.



Heather Sherratt . . . a struggle all the way

cent, she expects to be left with a gross profit of between 10 per cent and 15 per cent of the

It is not the quick road to

And already she has tentative plans to publish more books from her first two authors – as well as broadening her list.

Heather Books, 63 Narbonne Avenue, London SW4 9JP (tel. 01-673-4198).

210,000 a year for the prestige site). She is also providing work

for three companies of curtain-makers, upholsterers, and a number of suppliers of fabrics and furnishings.
Administration is the key to

a successful interior design business, she insists, although the paperwork is a constant headache. A single contract with a client can involve her in hundreds of accounts with suppliers of fittings and materials, and with craft companies . So far, she has coped by using an accounting programme on an

Apple computer.

Is the bottom likely to fall out of the luxurious world of interior design now that base interest rates are 15 per cent? Rosie Winston is optimistic. She says: There are still a lot of people in London with ample money to spend on inte-

Clifton Interiors, 10 Bristol Gardens, Little Venice, London W9 2JG (tel. 01-289-0902).

Help-line to Moscow

bio-technology business in west Wales, Dr Roderick Greenshields received a letter from Moscow soliciting help with the planning and strategy of Soviet bio-technology, and on scientific forecasting and "the methods you think appli-cable to the USSR." It was no hoax. The letter was signed by the director of a leading bio-technology research institute, a member of the Academy of Sciences.

Greenshields, 56, says that Louis Pasteur - "a very practi-cal scientist" - is his hero. His small company, GB Biotechnology, specialises in fermenta-tion. It consists of himself, his wife, his in-laws, a research manager, and various skilled people he hires as required. He runs his bio-laboratory in

what once was a hairdresser's premises, next door to the police station in a suburb of Swansea. Venetian blinds keep the windows anonymous to avoid antagonising neighbours, even though he is licenced for his activities.

The Soviet approach matured this July into a visit to his laboratory by eight scientists – all leading research

A FEW MONTHS ago, and just two years after launching his help in re-orientating a massive Soviet effort in biotechnology. In September - with the backing of the Department of Trade and Industry -Greenshields led a reciprocal mission for senior British bio-

technologists to Russia. He is disarmingly frank about the Soviet connection and says they wanted a small and says they wanted a small British entrepreneur they could trust as a point of contact. They heard of him because he is known widely as a talkative member of the "bio-technology club" of insiders who chat freely about their fact moving business.

fast moving business.
Greenshields started GB Bio-technology in 1986 when his job as director of bio-technology at University College, Swansea, was fading away. His Swansea, was fading away. His father-in-law, a company director, acted as part-time finance director of the start-up and advised him not to borrow cash. So, the family raised about \$50,000 to launch the

The first year, it earnt nearly £100,000 and made a surplus of £8.000. The financial policy now is simply to maintain a positive cash flow. If it runs low on funds, the family tops

up temporarily - leaving the local banks frustrated that they cannot lend.

This year, turnover will be about £150,000 with earnings coming - roughly equally -from four sources. The first was consultancy research and development in bio-technology ideas and problems. Beecham's laboratories helped to launch Greenshields with an antibiotic Greenshields with an antibiotic challenge, and provided the specialised equipment needed. At present, the laboratory is pursuing novel flavours of cheese. (Indeed, a company can hire the entire laboratory capacity for £500 a day).

Specialised bio-chemical conferences run by his wife, Christine Roberts, provide another revenue stream — one yielding a steady cash flow, he says.

a steady cash flow, he says. Another revenue source is pub-lishing: Greenshields claims he is a journalist manque. He is also a reputable designer of bio-reactors, in which feamentations take place. In the 1960s, as assistant chief chemist of Bass, he worked on sami-continuous for the same continuous for the sam tinuous fermentation in tall tubes. Later, he specialised in blo-reactors at Aston Univer-

Lately, he has turned his design talent loose on this aspect of his business, providing bio-technology teaching aids for schools. He has aids for schools. He has designed a fermenter made of clear plastic that sells for only £145 although it is modelled on modern industrial technology. He helps to assemble the fermenters himself from bought in parts that include the aeration system of an aquarium. Using his air-lift fermenter (ALF), a child can watch the living brew bubbling away for a fraction of the cost of a standard classroom bio-re-

Since he launched ALF this year, he has sold more than 100 to schools. University and industrial research laboratories have also begun to see the value of having the hio-chemical equivalent of the test tube. Greenshields has entered ALF for a Royal Society of Arts "green product" award, arguing that bio-technology is an
environmentally benign activity and that "the people who
are going to have to do somethird about the people who thing about the environment are our school children."

■ GB Biotechnology, 4 Beaconsfield Court, Sketty, Swansea SA2 9JU. West Glamorgan.

David Fishlock

It's curtains for browsers

PROGRESS OF CLIFTON INTERIORS

E	1966	1987	1988	1989 est.
Sales	37,330	297,560	356,485	600,000
Cost of sales	29,823	236,243	288,172	480,000
GROSS PROFIT	7,507	61,317	68,313	120,000
Operating overheads	6,805	58,003	66,670	75,000
NET OPERATING PROFIT	702	3,314	1,643	45,000

flourishes to an already pampered city drawing room.

Big building contracts have proved the life-blood of her business throughout its forma-tive years. "The building industry doesn't really like interior designers," she says. "They think we are more trouble than we are worth. But they recognise that they need us if they are to sell houses in a buyers' market."

of commercial realities as well as her feel for design. She is more likely to be found attendmore likely to be found attending a building contractors' site meeting in the muddy fields of a housing project than adding

dation), she was lucky to be offered a commercial contract quite early in the piece. This was to design the interior of an unusual dome design and supply the curtains, carpets, furniture and accessories. She tendered beauty allowing berealt dered keenly, allowing herself the smallest of profit margins, and got the job.

"I saw it as a loss leader for future work," she says. "The contract deposit was used to open my necessary trade accounts. The cash flow was incredibly tight due to the delays on the project, and

there were a few very worrying weeks." She survived that hair-raising start and, without bank support ("I took a Mickey Mouse salary myself"), began to expand the business.

After studying the market, she decided to specialise in contracts for builders of new contracts for bullets of new family houses and retirement homes, building-up that work until it now provides 75 per cent of the turnover. The rest comes mainly from decorating hig houses — usually contracts of more than £100,000.

"We are looking always at the top end of the market," she says, frankly. "We want seri-ous punters, not browsers." Winston still operates without a bank loan, although Bar-

clays has given her an over-draft cashflow facility of £25,000, and the business is established with its own shop frontage in a good part of London's Little Venice (rent

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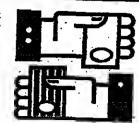
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ON FINANCIAL TIMES



As the industry struggies to restóre confidence, still shaken from the 1987 crash, attempts to

promote generic advertising have failed to gain enough support, says Barry Riley. And, in spite of the recovery in world stock markets volatility remains a problem.

Burnt fingers need ointment

UNIT TRUSTS have rarely had such an opportunity to cash in on a favourable world-wide equity market boom as in the first nine months of 1989, when the FT-Actuaries World Index (in sterling) rose by 25 per cent. In that context, the scale of this year's recovery in sales of units must be rated as

rather disappointing.

It is true that, thanks largely higher stock-market levels. total assets of the 1,300-odd UK-authorised unit trusts now on the market climbed to a new all-time record of £56.1bn by the end of August. This eclipsed the previous peak of £50.3hn, achieved just before the global stock-market crash of October 1987.

Moreover, net sales (gross sales less redemptions) reached £2.37bn in the first eight months of 1989, equivalent to an annual rate of some £3.6bn. That compares with just £1.8bn achieved in 1988. But it is a very long way below the £6.3bn net sales achieved in 1987. when at one stage the figure was running at £1hn a month.

The year 1987 was at once the industry's annus mirabilis and its moment of truth. The boom in the markets lured in hundreds of thousands of new savers. Then the astonishing crash created billions of

investing public understood the meaning of the word risk, as it had not before.

Ever since, the unit trust industry has faced an uphili task. It has had to cope not only with its customers' burnt fingers, but with the ever-higher interest rates which have made huilding society and bank accounts look like

attractive options.

Moreover, the industry sales figures are to an important degree distorted. They include heavy transfers of funds by certain life assurance compa-nies, notably Standard Life which on its own added over £1bn to the net size of its unit trusts in 1988. Such figures do not represent sales of units directly to the public. The aggregate industry figures therefore disguise the squeeze which has continued to be experienced by a number of well-known unit trust groups.

Substantial net sales appear to have been confined in recent months to a handful of leading independents, notably Fidelity and M&G, and to a group of insurance companies and banks such as Legal & General, Prudential and Barclays, This has left many other manage ment groups actually shrinking - including, in the second

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quarter of the year, Hill Sam-uel, Save & Prosper, Gartmore,

Henderson and Allied Dunbar. Why the disappointment? An important reason is the basic disaffection of the public. With memories of the crash still so fresh, the traditional sales pitch based upon claims of brilliant investment performance no longer cuts much ice as far as the ordinary saver is con-cerned. Therefore, selling off the page through advertisements with coupons attached no longer works as it did two or three years ago. Fidelity, for instance, reckons that only 12 per cent of its gross sales are now being made directly to the

Instead, a large proportion of sales is being made through independent intermediaries. is extremely important,

because independent brokers must nowadays, within the framework of the Financial Services Act, offer so-called "best advice"

They must, if challenged, be able to show that they have good grounds for recommending one fund rather than another. An important criterion is past performance. Therefore, business is flowing to those unit trusts which have achieved above-average growth in recent years, and other funds are left to wither away. It often happens that perfor-

mance comes and goes, as dif-ferent investment styles pay off at different stages of the stock-market cycle. Best advice is therefore introducing an ele-ment of feast and famine into unit trust sales, and more intensive marketing may not be an effective answer.

Another criterion is good service. Many groups ruined their reputations in 1987, both with intermediaries and final investors. It was not just the impact of the crash, which was common to all unit trust managers, but the damage done first by administrative chaos during the final phase of the bull market, and then by the withdrawal of dealing facilities

during the crash itself. In the past two years a lot of work has been done by the unit trust industry in improving back office systems and refining telephone dealing arrangements. But the offend-ing managers will take years to live down the bad feeling created at that time.

Another disappointment has been the weakness in the hous-ing market this year. Unit trust sales chiefs had been pin-

ning considerable hopes on the growing "inheritance effect", from the sale of houses passed down the family to middle aged sons and daughters from deceased parents. Bnt, in a stagnating honsing market, this effect has been masked, although it may come to the

fore later.

tors, but there have been some positive ones, too. The stock market's strength has been one, although the variability of the different national indices Wall Street has roared upwards, while the important Japanese market has been relatively subdued - has reminded the public of the high degree of volatility that

All these are negative fac-

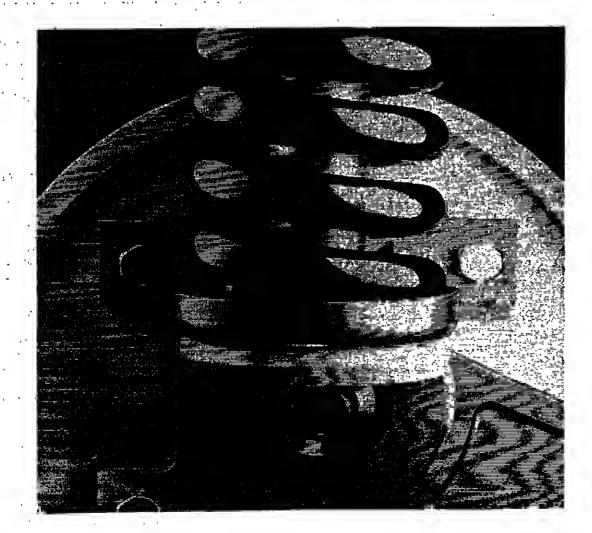
More positively, the unit trust industry has received some tax breaks. The best (and

least expected) was the raising | Are unit trusts for you? The of the limit on the maximum | decision trail (above) offers amount of money that can be channelled annually into a per sonal equity plan invested only in unit trusts, from £540 to £2,400. This carrot has lured several managers back into the PEP business, which some of them abandoned in 1988, and has attracted many new ooes. Elsewhere, the Budget speech last March foreshad-

owed some technical changes to unit trust taxation. These should make it easier for UKbased unit trusts to compete with offshore funds, for instance when investing in bonds. However, it is hard to see foreign investors taking any great interest in UK unit trusts unless there are further major concessions, such as in the ability to pay dividends

decision trail (above) offers some guidance. The general conclusion is that they are not for the short-term investor, but are an excellent way of Investing in shares with reduced risk. On page 3, an article on choosing a unit trust explains how to find out more, and explores investment strategies

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There is a worrying trend towards here-today-gone-to-morrow managers, which is bound to confuse and perplex

After all, if you have done a good deal of bomework and decided on a particular unit trust, or a particular stable of funds, you are entitled to expect that the management company will adopt consistent

But you may well find that the sharebolders of the unit trust company are keener to accept a cash profit on selling the management contracts (the value can be 5 or 6 per cent of funds under management, in favourable conditions) rather than continue in the longer

Consider the unitholders who invested in Schroder unit trusts up to three years ago. In fact, Schroder, the eminent City merchant bank, at that stage decided it needed some cash and sold its life assurance and unit trust businesses to an Australian life company for

Since then the funds have been known as "NM Schroder" unit trusts; but now a completely different Schroder unit trust operation has been launched, and the original funds are branded just as NM, with different portfolio managers. If investors want to get back to the real Schroder management, they will have to pay dealing costs of 6 or 7 per cent, plus possible capital gains tax. RATIONALISATION: Barry Riley on the implications for investors of ownership changes

It may be time for a unitholders' veto

More recently, management deals have been done ever more frequently. Here are just a few. Prolific has just been sold to a Danish bank, while earlier this year GT Manage-ment was knocked down to Bank in Liechtenstein. Elsewhere, Touche Remnant was sold to the French bank,

Figure 1997 - Control of the Control

Proprietor changes could be one reason why the industry has failed to increase its penetration

Société Générale, while last year the aggressively managed Thornton funds came, somewhat improbably under the wing of Dresdner Bank, of Ger-

And only a few months ago one of the giants of the unit trust industry. M&G, had to fight to defend its independence against the Australian wheeler-desler Alan Bond. Given the troubles that have afflicted Mr Bond in recent months, it is frankly alarming that there should ever have been a threat from such a direction to the independence of a major British institution.

The very latest example is the bid by Australian Mutual Provident for Pearl Group, which, although primarily a life company, also runs unit trusts worth some £500m Even mutually-owned life assurance companies are now vulnerable. FS Assurance, for instance, is seeking to demutualise and be taken over by Britannia Building Society. A hizarre consequence has been the sacking of the lady fund manager of a highly successful FS unit trust. She has been used of leaking confidential information to a possible rival bidder. Whatever the truth of this (which she is vigorously contesting), unitholders of FS trusts face a discontinuity, quite apart from the possibility that the whole culture of FS

gains control. There are several reasons for all this instability within the unit trust industry. To start with, the high costs imposed by the new regulations, brought in rather more than a year ago under the Financial Services Act, have made it more difficult for small unit trust groups to earn a profit, even if they can still sell units on the previous scale.

might alter once Britannia

At the same time, a second effect of the new rules has been to cause a shrinkage of the number of independent financial advisers, and also to cause them to follow "best advice" criteria based npon investment performance. It has become difficult for many small companies to offset the fall in the number of outlets for their products, and even

some quite big groups have found business hard to come by if their recent investment performance has been under

Finally, there is the 1992 effect. Many of the big British and continental financial groups are hatching strategies for the single market within the European Community. One result has been a wave of take-overs of British investment groups by continental banks. In theory, the British manag ers could be strengthened by such European links, but it is quite hard to see how groups

as distinctive and aggressive as Thornton and GT Management THE UNIT trust industry is, if anything, somewhat over-regu-lated," said Prof Jim Gower in 1984, in his report on investor

He had been commissioned by the Government to enquire into investor protection, and from his report emerged legis-lation in the shepe of the Financial Services Act.

Prof Gower's etatement deserves to go down in history as one of the classic misinterpretations in the financial services field. The unit trust managers, taking it at face value at tbe time, may well have thought that the coming legis-lation would have little impact on them. Jim Gower, who in his report had been scathing of most other financial service operators, had given them a clean bill of health.

Subsequent events bave shown just how misplaced such an attitude was. The reg-ulators have devoted as much attention to the unit trust industry as to life assurance, investment managers and any-

The result is that the con-

Controls imposed on the industry in 1989, and with more to come, make 1984 look

like a free-for-all

trols imposed on the unit trust industry in 1989, and with more to come, make the 1964 situation look like a free-for-all. Before the implementation of the Financial Services Act, the industry had been regulated by the Department of Trade and Industry, with the day-to-day control of the managers resting

The unit trust industry is comparatively homogeneous, with a relatively small number of management groups. This enabled the industry to develop an easy working rela-tionship with the DTI, which, on the surface at least, worked well - a feature that could have influenced Prof Gower's conclusion.

Many people in the industry still hold the view that the only regulation required was

could really be unaffected by absorption into continental institutions.

Nearer home, there has been the worrying case of Framlington, the medium-sized unit trust group which has grown rapidly since the 1970s. Subse-quent to its controversial takeover by Throgmorton Trust last year, one of Framlington's executives has recently been dismissed, and others have announced their resignation, including Bill Stuttaford, a well-known industry figure who has only just retired as chairman of the Unit Trust Association. The new manage-ment has introduced signifiNow, it has to be accepted that nothing in the fast-moving retail investment business can be written in stone. To impose strict controls would be to stifle innovation and develop-

ment, as well as to preserve

Meanwhile, the UK's new investor-protection regime pro-videe protection against the more serious abuses. Tests of fitness and properhess are con-ducted on those directors who

continuity.

are due to take over, and unit trusts must be managed according to elaborate rules. Yet this may not provide complete comfort, given that

investors in unit trusts are usually not just seeking to buy fitness and properness, hut also style and individuality. Moreover, the investor protec-tion rules have themselves caused important ownership changes, as with the sale two years ago of National Westmin-ster Bank's In-house County unit trusts to MIM Britannia. This happened because Nat-West was forced to "polarise" between selling its own or other promoters' funds.

As the legislation now stands, unitholders have no say in any ownership changes. They can only accept the new management as a fait accompli. They can only vote with their feet, which can be expensive.

All these changes in propri-etorship cannot be doing the image of the unit trust industry any good among the invest-ing public. It could be one reason why the industry has failed to increase its penetration of the savings market.

Perhaps it is time to think about giving unitholders a veto, and for them to be able to vote on a move of the manage-ment contracts to an atternative operator, at a fair price rather than to the highest bidder. Alternatively, they could be given the option of cheap switching facilities.

Meanwhile, the wealth warning is not just that your units may go down in price as well as up, but that your manage-ment company may be taken over by a new owner that you would never have chosen in the first place.

REGULATION

Beset by controls

one that would have ensured that the trustees actually did their job, perhaps with some controls on marketing. In reality, the industry is now subject to controls on vir-

tually every aspect of its operations; it does not even have the luxury of dealing with one regulator, and its various functions are controlled by several different regulatory

First, the DTI is still involved to a limited extent. One purpose of the Financial Services Act was for the DTI to hand over its responsibilities to the Securities and Investments Board — the main regu-latory body set up under the Act. The SIB has taken over most of the responsibilities that previously lay with the DTI, and has gone to town with regulation. But the department still retains respon-sibility for control of the investments that can be made by unit trusts, such as the approval of overseas stock markets and the borrowing powers of managers.

This retention does not rep-resent a nostalgic desire by the department still to be involved. but is a requirement under the European Community's Ucits Directive and which cannot be

Other than these these two features, the SIB has overall responsibility for regulating the general operations of unit trusts and setting the basic regulations. These include the authorisation of each fund, details of scheme particulars, pricing and unit creation, valuation and settlement.

Moet unit trust managers traditionally operated on a his-toric pricing system - that is, the price determined at the last valuation. And there was conelderable flexibility over the timing and method of the creation of units.

Such a system was open to abuse, particularly if trustees were lax in their responsibili-ties. And there was no doubt



But they play a different sort of game in Europe

that some managers took advantage of this free and easy

system.

Ideally, fairness between unitholders can be achieved if the pricing is on a real-time basis that is, if unit trusts are continually priced on the cur-rent values of the underlying

The industry is far from ready to adopt real-time pricing on a widespread scale. So, as a start, the SIB wanted to change to a forward-pricing system, so that deals would take place at the next, rather than the last, valuation, with the intention of moving towards real-time pricing. The unit trust industry was

split down the middle over this proposal. But there was enough opposition, particularly from independent financial advisers and those managers who relied heavily on these advisers for their business, for the SIB to compromise on its pricing proposals.

Now, trust managers have a choice, subject to certain con-ditions which trigger off a switch from historic to forward pricing. And valuations must be completed and a price deter-mined within two hours. Finally, the SIB banned the practice of back-creation of

The unit trust industry has complained hitterly over both the controversial nature of its proposals, which are being put-forward without prior consultation, and over the lack of

time given by the SIB for the industry to formulate its response to the proposals. Hence, the move by the SIB to set up a Unit Trust Forum, consisting of representatives of the board, the Unit Trust Association (UTA), corporate trust-ees and constiners, to discuss policy ahead of proposals being issued, is widely welcomed.

issued, is widely welcomed.

The SIB has put on ice its latest proposals, relating to the final baich of regulations.

Unit trust managers, themselves, are authorised to do husiness primarily by the Investment Managers Regulatory Organisation (Intro), though authorisation can be obtained direct from the SIR obtained direct from the SIB. The unit trust operations of the major clearing banks are authorised through the board. Imro's responsibilities cover the day-to-day back office management of investments - the

The SIB has put itsfinal proposals on ice, pending their consideration by Its **Unit Trust Forum**

BERTHAM TOAM

heart of unit trust operations. The responsionity for regua-ting the marketing of unit trusts rests with the Life assurance and Unit Trust Regula-tory Organisation (Lautro). The regulations have to cover both life assurance and unit trusts, and most of the rules relate to life assurance. The unit trust industry has never had problems with advertising. and the final rules are no more stringent than the informal vetting operated previously by the UTA:

3 There has been considerable about the SIB's proposals for disclosure of commission and expenses by life companies and unit trust groups. The unit trust industry foresees no real

The unit trust operations of the clearing banks; authorised through the SIB, have had to disclose full monetary commissions from the outset. Peter Dennis, director of Barclays Financial Services, says he has not encountered any problems

with disclosure.
The original statement hy Prof. Gower is now completely valid. And this could be a problem when unit trusts try to compete in Europe against managers operating under less stringent regulations.

Eric Short

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month, European mutual funds, known as Ucits, have become freely marketable ecross borders within the

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Burnt fingers Continued from page 1

From the beginning of this

European Community. British unit trusts can in many cases qualify as Ucits. But it could be one-way traffic so long as cer-tain continental funds, especially those based in Luxembourg, retain crucial advantages.

That is e battle that will start very slowly and be fought over an extended period. But British unit trust companies have been bought by financial institutions on the continent. The cosy domestic world of unit trusts is being disrupted.

At around \$90bn the UK unit

trust market is far from being Europe'e largest. The French mntual fund industry is worth well over \$200bn, and the Ital-ian and German markets are also substantial, although sometimes with a heavy bond orientation. Even the Luxemhourg funds are worth over \$60bn, and are expanding fast. The EC mutual fund industry as a whole manages over \$500bn according to Spicer & Oppenheim Consultants.

Although British unit trusts ss some important skills in this environment, notably their ability to manage global equity portfolios, they have weaknesses too. In particular, the British market has become extremely fragmented, with a failure to build powerful brand

Ten years ago the market was more concentrated. Save & Prosper then controlled 18 per cent of funds under management, and M&G had a 15 per cent share. M&G is now the biggest, but with little more than 8 per cent. The proliferation of participants - some 160 management companies, and more than 1,300 separate funds - has bewildered the public.

Unexpected new entrants have appeared. Marks & Spen-

cer, for instance, has no known portfolio management exper-tise, but has subcontracted that task out to specialists, and has concentrated on packaging a product and adding a confi-dence-inspiring brand name. In contrast, many fund manage-ment groups have far greater reputations in the City of London, but rate e zero in Acacia Avenue. They are now shrinking, while M&S is pulling in

money.

Against this background, the issue of so-called generic advertising of unit trusts has again been debated within the ranks of the Unit Trust Association this year. Many unit trust managers feel that a united campaign is needed against the powerful competition of rival savings media, such as life assurance companies and building societies. They feel that unco-ordinated and competitive advertising by individ-ual companies is not getting the message over properly.

As when the arguments have been aired before, however, majors like M&G have objected. They feel that they can afford to promote their own brand names, and that it would damage their interests to put money into a promotion which would disproportionately benefit fringe managers who cannot afford their own

At the same time, M&G in particular has trumpeted a decision to hold charges down while most of the rest of the industry has been raising them sharply. This is another part of the process of putting the ze on the smaller funds.

In the circumstances, uncertainty persists in many parts of the unit trust industry. Managers might bave hoped that such favourable stock-market conditions would have put them back in clover. In fact, the surge in equities worldwide has only been enough to stabi-lise temporarily an excessively fragmented industry. The need for widespread rationalisation

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CHOOSING A TRUST: Christine Stopp considers investors' motives and requirements

Revised sectors make decisions easier

CHOOSING A unit trust from the current range of around 1,300 is a bewildering exercise.

Perhaps we should start by asking whether investors should consider unit trusts at all? Broadly, anyone with more than £10,000 in a huilding society and all essential financial needs met might look at what unit trusts have to offer.

Because of their spread of risk, unit trusts are recommended by advisers to investors even with very

large portfolios.

The size of portfolio at which brokers will begin to consider direct investment in shares varies enormously, from £50,000 or, more typically, £100,000 upward. For overseas investment, unit trusts are useful for even larger investors, because of the costs and difficulties attached to

investing direct.
The Unit Trust Association has recently revised the sectors into which trusts are divided, in order to group like with like. This has made choice a bit easier in some areas. For instance, all trusts investing in the Far East were previously lumped together in one sector, whether they invested in single markets or a range of markets, and

look set for a fall. In spite of the revised sectors, it can still be difficult to know exactly what you are getting until you see a detailed statement of the trust's

been divided into Far East includ-

ing Japan and Far East excluding Japan, which makes it easier for the

investor to see what he is getting.

He can choose pure exposure to the

smaller south-east Asian markets, or invest in a fund where the man-

ager bas the ability to invest in

Japan should the smaller markets

investment objectives. The UK Equity Growth sector, for example, includes trusts with yields ranging from zero to almost 5 per cent. A major subsector of UK Growth is smaller companies trusts, but the sector also covers special situations (the definition of which may vary),

whether or not they had a weighting in Japan. The new sectors have and environmental and ethical graphical sectors, with at least a 50

The following are some suga tions for different investment objectives, which might be met through unit trusts:

The one-off investment. For an "investment for all seasons", the best bet would be a UK balanced trust - that is, one which has both capital and income growth as an objective. First stop is the UK Equity General sector, though suitable funds might be found in any of the major UK equity sectors. Inves-tors with money they can afford to lose might prefer a less staid investment, like a European or Far East trust. The very brave may attempt single-country funds. Small inves-tors should consider regular

■ The balanced portfolio. A range

per cent UK base - more for the sborter-term/higher-risk investor, less for longer-term/lower-risk objectives. Overseas trusts may be chosen, depending on risk profile: You still need a detailed

statement of the trust's

Investment objectives international trusts, for low risk: major markets or groups of mar-kets, for medium risk; and small,

The question of whether to include fixed-interest funds depends on holdings outside the unit trust portfolio. Is this purely an equity

SAVINGS PLANS

single markets for high-risk portfo-

portfolio, with protection from your other holdings elsewhere; or do you want to shelter some of the money in a gilt or bond fund?

Trust for a child. There are two possible strategies here. One is the safe and steady fund (see comments above on an "investment for all seasons"). The other adopts a high-risk fund, on the principle that it will be invested for a long period, and will not be relied upon for income. A Japan, Far East or European fund might be considered.

Overseas portfolio. For the investor whose UK exposure is held elsewhere. This is likely to be a larger investor's portfolio, and most be watched carefully, since it will be affected by currency risks as well as stock market conditions; though e smaller investor, who wants to leave the choice of where to invest to someone else, could go for an international fund with a good performance record. Points to watch out for here are: which markets are included (for instance, do European funds include Scandinavia or the UK?) and what is the policy on cur-

rency hedging.

Regular-income portfolio. A number of groups offer regular incoms portfolios from their own funds, but there is nothing to stop you from building up your own, though It is a iob which demands patience. You need access to current yield infor-mation, distribution dates and investment objectives, so you can pick trusts which will make roughly even payments at the intervals you

require. UK Equity Income, Gilt and Fixed Interest, Balanced, Money Market, International Equity Income and International Fixed Interest are all sectors to consider, bearing in mind

that the bigher the yield you choose, the less likelihood there is of much capital growth as well.

In order to embark on the research needed to choose your own portfolio, certain materials are helpful. The following is a guide to the basic do-it-yourself action pack:

☐ The Unit Trust Association, 65 Kingsway, London WC2B 6TD (tel 01-831 0898), publishes a number of free leaflets, including o reading list and quarterly performance statistics.

Published in April with full details of all the unit trusts in the industry is the FT Unit Trust Year Book. price £37.50 (£45 with outumn update). It contains o basic introduc tion to unit trusts and a good deal of useful data, such as the distribution history and year-on-year capital growth of each trust. From FT Business Information, 7th Floor, 50-64 Broadway, London SW1H 0DB (tel 01-799 2002)

Avid enthusiasts will find news and background features as well as full performance statistics in the doily press and monthly personal finance magazines, among which Money Monagement gives frequent coverage and particularly good fig-

lack of commission.

THE UNIT trust regular savings plan is a missed opportunity that is staring the indus-

Until five years ago, when life assurance premium relief was abolished, regular savings plans were barely marketed at all. The abolition of LAPR gave the plans a shot in the arm, and all major groups now recognise their importance. The current edition of the FT Unit Trust Year Book lists over 70 plans, with the minimum monthly investment starting from as little as £10.

Regular savings plans should be the unit trust industry's answer to regular premium insurance savings plans. The chief advantage to management groups would be a regular, predictable cash flow, which should lead to reduced sensitivity to market fluctua-

The problem in selling the plans, however, has been their lack of commissions to attract the broker. Unit trust groups have experimented with commission schemes, hased on

RADICAL CHANGES to

Personal Equity Plans (PEPs), announced in this year's Bud-

get, had a tremendous impact

the charges are now exactly the same as for investment by the conventional route; but

you get the rewards, either income or capital gain, tax

From the industry's point of

view, the most important change was the Chancellor's

decision to increase the

amount that could go into a stand-alone unit. or invest-

ment, trust, from 25 to 50 per cent of the total permitted maximum - which was itself raised from £3,000 to £4,800.

This meant that in the new

style PEPs, available from

April onwards, the amount

that could be invested in a unit trust alone jumped from £540 to £2,400 a year per person. Suddenly it became worth-

while, and economically viable,

for the industry to offer PEP versions of their unit trusts

without having to add extra

charges to compensate for the small amounts involved.

A further attraction was the

removal of many other rules

and regulations, including the

need for investments to be held

for a year and a day to qualify for the tax concessions.

Being able to offer tax-free

rewards provided the unit trust industry with a marvellous new sales gimmick to tempt

back investors, particularly

small private investors who were still nervous after the

opportunity not to be missed -

especially as it opened np potential new markets for unit

trusts, in funding mortgages, school-fees and even pensions.

stastic about the idea — as a PEP unit trust is essentially more expensive to administer, and therefore less profitable —

were forced to jump on the bandwagon, if only as a defen-sive measure. Most now offer PEP versions of their unit

trusts in varying forms, and new PEPs are being introduced

virtually every week.

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Others, who were less enthu-

Many groups saw this as an

With most unit trust PEPs,

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those of the insurance industry, but without success: the imposition of commission is seen as too damaging to the

The advantages of the plans to the investor are numerous. Apart from the very low minimum investment - which lets in the very small investor, or permits a low-damage punt in a highly specialised market—
the plans offer great flexibility,
since most impose no minimum period before withdrawals are permitted. A few offer an initial discount or bonus, mostly on a minimum investment of £100 or more a month; and a number give a loyalty bonus after the plan has been held for a number of years.

Performance has been very good, with the investor in the median Japan fund turning a total investment of 5,400 into 38.850 over 15 years.

The phrase which always crops up in discussions about savings plan performance is "pound-cost averaging". This is the statistical effect whereby investors pay less per unit over

A disciplined approach than the average unit price over the same period, because they buy more units with the same contribution at times when the price is low. More important, though, is the effect of regular savings

schemes as an investment discipline, putting small amounts into the market, irrespective of whether it is rising or falling. This automatically means the investor buys more units when the market offers better value, and fewer when it is looking expensive - the reverse unfortunately, of most people's instinctive pattern of invest-

M&G has always advertised its regular savings plans, and particularly since the abolition of LAPR, when it saw a big

ing manager Roger Jennings feels that the two products reppublic. It now sells around 1,000 new plans in a normal resent different markets, month, with an average investthough for reasons which are ment of 250, though the figures rose to 4,000 last month, with the launch of the group's Euro-pean Income Fund. The normal Jennings is also puzzled by

the fact that, when he does a promotion, there are two himp-sum investors for every savings plan taken out. Regular savings plans just don't seem to have taken off as they should. "Perhaps it is an indictment of the unit trust industry that we haven't come to grips with people saving £30 a month," says Jennings.

For an investor who has not yet got a PEP and who wants a UK-invested regular savings nlan. PEP regular savings are the obvious choice. The only difficulty might be that a number of unit trust groups with PEPs only have a lump-sum option, and others have a higher minimum investment through the PEP than through the regular savings plan.

Regular savings plans are still an obvious choice where: ☐ An overseas investment is

☐ The investor already has a ☐ The plan is for a child (PEPs

are not available to under 18s); or where

☐ A very low minimum is

An area where regular savings plans have been over-shadowed by PEPs is savings for loan support. The obvious example here is mortgages. A problem with PEPs

hemes, though, is the question-mark over their future. Were they to be discontinued, established PEP mortgages would revert to being supported by straightforward reg-ular savings plans. For the foreseeable future, however, regular savings plans are likely to be disregarded as mortgage support vehicles.

This should not prevent the

investor who wants to use a regular savings plan, in conjunction with a mortgage, from attempting it. The attitude to mortgage-support plans ie changing very fast among huilding societies desperate to bring in mortgage business.

Conflicting tendencies within the financial services industry will affect the future of unit trust regular savings plans. On the one hand, many groups are trying harder than ever to channel investors through independent financial advisers. This will militate against the growth of savings plans, due to the problem of

good value but pay little or no commission. Meanwhile, most management groups - which, unlike M&G, do not have e great volume of regular savings-plan sales - will continue to fird that the volume of regular savings business they do is barely profitable.

On the other hand, fee-based

advisers are likely to become a more important distribution

and awareness of the concept

of best advice has given a

boost to products which offer

Source: Unit Trust Association

Savings plan performance: £30 a month					
Sector	Five years	10 years	15 years		
UK general	2,693	10,572	28,657		
UK growth UK equity income	2,630 2,801	9,343 11,210	24,789 29,175		
internetional growth	2,413 2,958	8,213 13,887	19,437 38,850		
Far East (ex Japan)	2,601	9,091			
Australasia North America	2,307 2,197	4,943 5,701	10,302 14,557		
Europe	2,792	11,653	28,501		
Commodity & energy Investment trust units	1,922 2,673	4,911 9,973	13,172 29,154		
FTA All-Share Index	2,538	9,655	27,959	_	
BS higher rate account	2,239	5,656	10,912		

A tax-break to increase sales

THE DIFFERENCE A PEP MAKES: monthly ims, offer to bid, income re-invested, in S&P High Return unit trust, to September 1 1989

Premium	Five	10 . years	15 years	20 years	25 years
£25 gross	2,322	10,487	26,290	66,043	131,274
net	2,248	9,470	24,877	49,777	90,602
£35 gross	3,251	14,682	42,405	92,460	183,924
net	3,147	13,257	34,828	69,688	126,843
250 gross	4,644	20,974	60,579	132,085	262,749
net	4,495	18,939	49,754	99,555	181,204
£75 grass	6,966	31,451	90,869	198,128	394,123
net	6,743	28,409	74,632	149,332	271,806
£100 gross	9,288	41,948	121,158	264,171	525,498
net	8,990	37,878	99,509	199,110	362,409
£150 gross	13,932	62,922	131,738	396,256	788,246 543,513
net	13,486	56,818	149,263	298,665	
£200 gross	18,576	83,896	242,317	528,342	1,050,995
net	17,981	75,757	199,018	398,220	724,817

One of the most significant newcomers is Marks & Spencer, which entered the unit trust industry only last year. Although many of the stand-

alone unit trust PEPs look sim-

ilar, there are important differ-In some cases, there are extra charges. Save & Prosper, for example, has hravely decided to charge an additional 0.25 per cent fee per year, on the grounds that PEPs are more costly to administer. In others, there are "hidden" extras, like early redemption penalties or charges for send-

ing reports. Again, a unit trust company may restrict the withdrawal of income, and insist on its being reinvested in the fund. The ability to re-invest dividends received gross, instead of having to deduct tax, should have a significant effect over the years in improving the performance of a PEP fund against a normal unit trust. But if investors want to take advantage of the ability to pay out divi-

With 365 days of business in Europe...

dends, free of tax (another of the important changes announced in the Budget), then they should obviously check the income withdrawal facilities available.

Another important point to check is whether a group is offering, or proposing to offer, a share PEP as well. Under PEP regulations, investors can have only one plan manager per year. So, if the group is offering only a stand-alone unit trust PEP, like M&G, then the investor is confined to putting in a maximum of £2,400 and loses the chance to invest the remaining £2,400 that could be used to buy individual shares direct either of their own, or the plan manager's

Something else that is often not mentioned is one of the few new restrictions introduced in the Budget. As a quid pro quo for increasing the amount that can be invested in unit, or investment, trusts, the Chan-cellor insisted that, in new-

style PEPs, the trusts had to hold at least 75 per cent of their investments in qualifying shares quoted on the London stock market. In real terms, this means

monthly figura represents about 12 per cent of total unit

sales - a useful, but not a

major, contribution, even after

many years' consistent promo-

hit conventional savings plan business? Not at M&G, one of

the groups that has put most into marketing regular savings

plans, and where the flow of

new regular savers has apparently been uninterrupted by

the successful launch of the

group's new-style PEP. Market-

Have regular savings PEPs

that the trust has to hold 80 per cent in UK stocks to be safe and not lose the tax concessions, so the ability to spread risk by going into different world markets is severely limited.

This underlines one of the weaknesses of PEP unit trusts for paying off mortgages, meeting school fees or providing an alternative form of pension. If investment is, in the main, confined to UK shares, there is a greater element of risk compared with funds that can invest overseas or in other sectors, such as property or fixed interest securities.

The other weakness, of course, is the limitation on the amount that can be invested. Unit trusts will no doubt be lobbying the Government hard to increase the maximum, especially now that the rival investment trusts seem to have discovered a loophole that gives them a distinct advantage in this area.

However, it seems more likely that the Government will clamp down on investment trusts, rather than give up the original concept that PEPs should encourage a greater interest in individual companies rather than collective

Nevertheless, the transfor-mation of PEPs has given the unit trust industry a real chance to broaden its base and win new customers, as opposed to merely converting existing investors.

Many groups have deliber-ately emphasised tha tax advantages, with names such as TaxAxe, TaxBreak and Tax-Buster, as a package to sell their trusts. It is a powerful sales weapon, to attract both old and new customers: the knowledge that all the gains made hy a unit trust PEP, which can build up substantially over the years, are tax-

John Edwards

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exceptional growth prospects. The results of our selection skills speak for themselves. At 25th September 1989* the realisable value of units had risen by 24% since launch on 26th September 1988. Certainly worth celebrating. Remember that the value of units, and the income from them, can go

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Please note that by completing the application form and sending it to us with your cheque you are waiving your right to the statutory cancellation of contract or "cooling-off" period under the Financial Services (Cancellatioo) Rules 1988.

Source: Micropal, based on offer-to-bid prices with all net income reinvested.

Important Information

Important Information

Trust Status. Capital House Smaller Companies Trust (the Trust) is an authorised unit trust scheme within the meaning of the Financial Services (Authorised Unit Trust Schemes) Regulations 1988. Copies of the Trust Deed and Scheme Particulars are available from the Managers on request.

Purchase and Sale of Units. Units may be bought and sold on any business day either by telephone or letter to Capital House Unit Trust Managers Limited (the Managers). Prices are calculated every business day as at 9.05 am. At 25th September 1989 the spread between the bid and offer price was 6%. The Managers may vary the spread between the bid and offer price within the limits of a formula laid down by regulations made under the Financial Services Act 1986. (Commission will be paid by the Managers on purchases of units through qualified intermediaries at rates available upon request).

All deals will be acknowledged by a contract note, normally within 24 hours of receipt of your instructions. In the case of unit purchases, certificates will normally be despatched within 21 days of receipt of your application and cheque. Units can be sold back to the Managers at the bid price ruling on receipt of your instructions. A cheque will be sent to you, normally within 4 business days of receipt of your renounced unit certificates). Unit prices and yields are published daily in the Financial Times. Daily Telegraph and The Scotsman.

Income. The anticipated gross yield for this trust (as of 25th September 1989)
was 2.32% per annum. Income is distributed annually on 1st December in respect
of the year ending 15th October. Unitholders can elect to have their oct income
distributions reinvested to purchase further units. Units are allocated at the offer
pon-certificated.

non-certificated.

Charges. An initial charge of 5.25% is included in the offer price of units and an annual charge of 1.25% plus VAT is levied monthly. Under the terms of the Trust Deed the maximum permitted initial charge is 7.5%. The maximum permitted annual charge is 2.5% plus VAT. Any increase up to or towards this maximum will be subject to three mooths written notice to unitholders.

Capital Galas Tax. Unit Trusts are currently exempt from capital gains tax on realised investment profits. Unitholders may be liable for capital gains tax on the realisation of their units. For the fiscal year 1989/90 the first 45,000 of capital gains from all sources is free of tax. Gains in excess of £5,000 will be charged at the investor's marginal income tax rate. (It should be ooted that until April 1990, in the case of a married couple, the 65,000 exemption refers to joint gains).

Trusteer: Governor and Company of the Bank of Scotland.

Manageres: Capital House, Unit Trust Managers Limited. Capital House, 2 Festival Square, Edinburgh EH3 9SU, Telephone: 031 228 4477.

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To: Capital House Unit Trust Managers Limited,

FREEPOST, Edinburgh EH30EE. Telephone: 0800 833561 (FREEFONE) Or consult your professional adviser. I/We wish to invest &....

_ (min_ £500 initial, £100 for additional investments) in the Capital House Smaller Companies Trust. All investors whose cheques are received before the close of business on 27th October 1989 will automatically receive a 1% discount on the offer price ruling oo receipt. Cheques should be made payable to Capital House Unit Trust Managers Limited.

(This offer is not open to residents of the Republic of Ireland). I am/We are 18 years of age or over.

Please tick if you wish to have your income reinvested ☐ Please tick if you wish to invest via a Regular Savings Plan

(minimum cootributioo £30 per month.) Please tick if you require further information on PEP Capitaliser

BLOCK CAPITALS PLEASE Mr/Mrs/Miss/or Title:

Forename(s) Joint Holders (name) Address (1st holder)

Telephone <u>Postcode</u> Signature(s) Date (All must sign in the case of joint holders)

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EUROPAGES: THE EUROPEAN BUSINESS DIRECTORY

Sara Webb compares the specialist funds

A hymn of joy for Europe

THE UNIT trust could well be described as the investment equivalent of the amoeba: there are now about 1,300 unit trusts, compared with 550 seven years ago, and hardly a week seems to pass without another launch.

To a certain extent, the increase reflects worrles about the private investor's willingness to put his money into unit trusts. After the stock-market crash in October 1987, unit trust sales plummeted.

The marketing men at the unit trust groups were left scratching their heads and wondering how best to entice the private investor back into their products. One strategy has been to think up a range of new unit trust species which will appeal to the investors of the late 1980s.

jumped on the "Europe 1992" bandwagon, while others have gone either green or ethical, or both. So some unit trusts have

Fund managers are quick to deny that these are really just marketing gimmicks: the emphasis of the Europe 1992 trusts is supposed to be more on the industrial and commercial sectors than a straight geographical spread. Meanwhile, the environmental and ethical

funds are supposed to appeal to those investors who worry about the ozone layer, rain for ests and polluted oceans. They usually invest in companies which supposedly play some role in cleaning up the envi-

The other recent invention has been the tracker fund, a trust whose investment performance is intended to match or track an index soch as the FT-Actuaries All Share. Since Angust 1, 1989, the Unit Trust Association has operated a new classification system for the hundreds of unit trusts in existence, with the aim of simplify-ing comparisons of their per-formance. These are based on geographical region, asset type and investment objectives.

Most of these new funds have been in existence for such a short time that it is difficult to make much of their track records. However, it is true to say that the best performing funds have been European and Far Eastern in character. For example, in the year to October 2, 1989, six of the top 10 unit trusts were investing in

1. Morgan Grenfell European Growth (+ 79.55 per cent); 2, Abtrust Far East Emerging Economies (+ 77.07);

3, F106	mith principe	an (+ 74	.64),
4, NM	Far Easter	n Growth	(+
61.95);			•
5. FS	European	Growth	(+
61.39);		410.1	٠.
V2-00),	_		

6, Henderson European (+

7, Perpetual European Growth (+ 58.54);
8, Abtrust European (+ 58.49);
9, Dunedin Japan Smaller Companies (+ 58.41); 10, MIM Britannia South East Asia (+ 58.23).

The performance of the European sector has left many managers reaching out for new superlatives.

"European markets have been tremendously buoyant, with fantastic rises in the smaller markets — while ster-ling investors will have made a small currency gain as well, which adds a bit to the performance," says David Morgan, investment director at M&G.

The Scandinavian bourses and Austria have performed well, although it is true to say that few European funds are heavily weighted in these smaller markets. The larger markets have shown substantial gains as well. For example, France was up 25.6 per cent and West Germany up 22.8 per

cent in the last year.

What is exciting fund managers about Europe is the fact that it will become a more unifled market in the 1990s. When restrictions on trade in the EC are lifted, European companies will benefit from a greatly enlarged market. This is likely to reduce costs, improve efficiency, and boost profitability and dividends,"

says M&G. In addition, corporate activity in Europe has picked up, with more cross-border alliances stimulating interest in the stock markets, particularly

UNIT TRUSTS 4

Average performs	ince by	sector.	£1,000	MASSIG
	One	Three	Five	Ten
	year	years	years	years
UK General	1,236	1,526	2,591	6,549
UK Growth	1,168	1,524	2,681	5,846
UK Equity Income	1,190	1,607	2,826	8,447
UK Balanced	1,133	1,496	2,458	4,985
Gilt & Fixed Interest	1,023	1,186	1,525	2,581
Investment Trust Units	1,337	1,561	2,371	6,674
International Growth	1,254	1,297	2,033	5,118
Internat Equity Income	1,202	1,237	1,914	-
Internat'i Fixed Int	1,048	1,060	1,517	-
International Balanced	1,147	1,352	2,574	5,941
Fund of Funds	1,224	992	1,311	-
North America	1,315	1,168	1,576	4,192
Europe	1,392	1,172	2,869	6,846
Japan	1,215	1,456	3,036	10,165
Far East inc Japan	1,248	1,485	2,479	6,660
Far East ex Japan	1,342	1,579	1,994	6,360
Australasia	1,090	1,571	1,556	2,917
Commodity & Energy	1,140	1,440	1,236	2,582
Financial & Property	1,142	1,343	2,437	5,455
C1.000 offer to bid, not tocome t				

smaller companies which tend to be under-researched," says Andrew Gregory, investment director for Kleinwort Benson's

The Far East (excluding Japan) has proved the second-best performing region, and is expected to show better

growth rates than the rest of

the world. The main worry has come from Hong Kong, because of the unrest in China earlier

this year. managers regard

Hong Kong as a gamble, given that it is hard to make predic-

tions on the political front, though M&G still says it

believes Hong Kong "offers some quite good values for

those prepared to take the political risk".

However, it is the emerging far eastern markets that man-

agers have enthused over in

recent months. In August, the Department of Trade and Industry decided to allow Thal-

land to join the list of approved

markets for unit trusts, making it far easier for investors to

gain access to the Bangkok

Investors who want to put money in the emerging mar-kets have not always found it

easy to do so: often it is impos-

sible to invest directly, so they have to go through an invest-ment trust or unit trust. Until

August, access to the Thai

market was limited, since unit

trusts are only allowed to

stock market.

unit trusts.

from institutions which want invest up to 10 per cent in total to diversify internationally. in unapproved markets. in unapproved markets.
But in future, managers will be free to invest a large proportion, or even all, of their money in the Thai market, freeing the 10 per cent allocation for unapproved markets such as the Philippines and Indonesis. Kleinwort Benson's Euro-pean Special fund, which invests in smaller companies and takeover targets, with about 50 per cent of the money invested in France, Spain and West Germany, has cashed in on the 1992 theme: "There is a lot of corporate activity in preparation for 1992, especially among the French and German

"We like the Far East and particularly the emerging mar-kets such as Thailand, as well as Singapore and Malaysia," says Morgan. The region has many of the ingredients you look for -above-average growth, well-educated and energetic populations, big and undeveloped markets, and a lot of technology."

Although Japanese funds have ranked near the top of the league, the market is still considered expensive compared with others around the world. Andrew Gregory, at Kleinwort Benson, is bullish about Japan, and points to the very strong corporate earnings, high liquidity, and the fact that the LDP's position in the polls appears to be recovering in the aftermath the sex and Recruit scan-

optimistic about the US unit trusts but is wary of the UK market in the present economic climate — particularly smaller companies, which are likely to be hit by rising inter-

est rates. Meanwhile, at the bottom of the heap, the worst performers have been the Australia trusts and the gilt and fixed interest funds. Managers are fairly optimistic about the ontlook for gilt and fixed interest funds in the next year, and expect to see some improvement, provided inflation is brought under control and wage

EUROPEAN FUNDS

Ucits are running but hurdles lie ahead

OCTOBER 1, 1989, was a date ment and by German corporations. the first tangible indication of

a single European market in retail financial services. It was the date hy which member states of the European Community (except Greece and Portugal) were required to have implemented domestic legislation to give effect to the Directive on Undertakings for Collective Investment in Transferable Securities (the Ucits Directive), passed by the Com-mission in December 1985, and amended by a further Directive in 1988

A Ucits is what is known in the UK as a unit trust. It is a pooled form of investment, in which investors, even those of modest means, can put money which will be managed by a fund group and invested in shares or government bonds, according to the sims of the

The fund is open-ended, so that its size will be determined by the amount of money coming in and going out, and the managers must redeem units at the request of unitholders. As with unit trusts, a Ucits is required to observe rules

relating to the appointment of a trustee and the percentage of fund mouies which can be devoted to a single asset. The theory is that a Frenchman will find it just as easy to buy units in a German mutual fund through a British finan-

cial adviser as he would to invest in a Freuch mutual Despite this important removal of national barriers, there will be no immediate shake-up in the European mutual fund industry. Several

hurdles remain to be over-

First, there are deeply ingrained national preferences. The British unit trust industry is heavily hiased towards equity investment - every-thing from UK blue-chip shares to Japanese smaller companies. At the other end of the spectrum, German investors are probably regarded as the most conservative in the Community, and this is reflected in their preference for funds which invest in fixed-interest stock issued by their govern-

A second hig difference is distribution. The UK has a highly developed structure of highly developed structure of independent financial advisers, who operate in direct competition with sales representatives tied to one particular financial services group and selling only the products of that group. In many continental European countries, distribution is dominated by the banks.

Then there is the problem of

Then there is the problem of limited data on which European investors can base deci-sions. Up to now there has been no Europe-wide perfor-mance monitoring service, although, with effect from October 1, Micropal will be monitoring France, Garmany, Denmark, Luxembourg, Ireland and Belgium, and has plans to add. Spain, Holland, Portugal and Italy, Firstat, the T's data monitoring service is

Despite the removal of national barriers, there will be no ---

immediate shake-up

working on similar plans There is also a lack of harmonisation among member states on taxation practice. The UK went some way towards rectifying this situation in this year's Budget, by giving a cor-poration tax boost to certain UK unit trusts. The move will go some way towards increas-ing yields on funds which invest in overseas bonds and other fixed interest securities.

Traditionally, authorised unit trusts have paid corpora-tion tax of 35 per cent on this unfranked income (where no other tax has been deducted at source), but unitholders have received a credit of only 25 per cent (the basic rate) thereby effectively losing out.

From January 1990, units trusts which quality as Ucits will pay corporation tax at a rate equal to the basic rate of income tax, and this will satisty the liability to basic rate income tax of an individual

As well as removing a tax disadvantage, the move opens up the possibility of a new gen-eration of overseas bond funds specialising in previously untapped areas such as Euro-bonds and junk bonds. But not everyone is con-

vinced that this year's move went far enough. Martin Smith, of Deloitte, the accountancy firm, doubts whether the current UK tax regime will be attractive to continental Euro-

pean investors.

A further difficulty preventing the widespread acceptance of Ucits is that, while authorisation is granted to a fund by its "home" state, the duly certificated Ucits is subject to the local marketing rules of the "host" Community country in which it is aiming to sell. These rules vary widely and in some countries, such as Ger-

many, require the fund man-

ager to provide annual accounts and offer a fund prospectus to the investor before a

sale is completed. Last but not least of the difficulties is the questionable commitment of some member states. There is no lack of drive in the UK or Luxembourg, which have had a bilateral agreement on the marketing of Ucits since last March. This agreement ceases to have rale-vance now that the deadline for national recognition of Ucits has passed.

The situation in some other

cits has passed. The situation in some other Community countries is far less clear-cut. The Italians have missed the deadline through lack of organisation, and the Dutch and Germans have missed it through lack of

Some mutual fund groups, both in the UK and elsewhere, are simply keeping their heads down until the situation becomes clearer. Others are attempting to compensate for their lack of detailed knowledge of foreign markets by takeovers. Haining of Denmark buying Prolific, and Dresdner Bank of Germany taking con-

troi of Thornton are examples.
Robert Fleming, which trades under the name of Save & Prosper in the UK, appears to be hedging its beis in its recent high-profile move into France Flaming will be selling its Lurembourg based Fisgship umbrella: Ucits to French investors through a sales force, which it intends to build up to 300-strong from offices in Paris, Lille, Nantes, Bordeaux, Mar-

seille, Lyon and Nancy.

Meanwhile, Lurembourg's helpful attitude towards statutory requirements for operat-ing Ucits ensures the Grand Duchy's continued popularity among fund managers, as a base for locating Ucits funds. In the UK, the Chancellor, Nigel Lawson, put a widely predicted spoke in umbrella fund taxation in his Budget

earlier this year.

Prior to 15: March, 1989
switches among the sub-funds
of offshore numbrells funds did not give rise to a capital gains tax (CGT) liability. Offshore umbrella funds had become big business since their birth in the mid-1980s, and they looked set to grow still further after the UK's Financial Services Act had provided the opportumity for properly regulated offshore funds to sell in the UK on an equal footing to domestic funds, which did suffer the

There is now at least CGT parity, but it's not the kind that fund managers usually have in mind when they speak of a "level playing field". CGT on umbrella fund switches by UK investors applies whether the fund is situated in Lineau-bourg, the Channel Islands or elsewhere.

Péter Gartiand

UNE

Editor, The International, the FT's magazine for global

Ethical trusts get the green light

THE LATEST survey from the Service (Eiris) shows that there are three "green" personal equity plans and 17 other ethical funds, most of them unit trusts.

UK Unit trusts that offer ethical investment refer to negative and positive aspects. Negative ethical criteria means having no investment in companies involved in: South Africa and apartheld; the uuclear and arms industries; tobacco and achohol; gambling; experiments on live

to environmental pollution.
Positive criteria implies investment in companies involved in: polintion-control,

Dealing

Settlement

Registration

Fund Accounting

animals; or activities that lead

control; health care; housing, particularly for the elderly; good labour relations; and contributions to the community. Investment in UK ethical funds is estimated at around £200m – a drop in the ocean, compared with total investment in excess of £500bn, and well below the proportion of ethical investment in the US.

This suggests that most investors in these funds are comitted environmentalists. The Stewardship Fund, from Friends' Provident, the first ethical unit trust in the UK, shows a good performance over five years: a rise of 172.4 per cent to end-September, making it 22nd out of 94 in its

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group, UK Equity Growth. Over one year to end September, it shows a 14.1 per cent rise, putting it 74th out of 193. Other funds show a similar

steady above average performance, led by the NM Conscience trust, an internationally-based ethical trust, with a 15.9 per cent rise.

Investors can obtain details of criteria adopted by an ethical fund from its promotional material, though these may be difficult to check. However, most funds have an advisory panel, consisting of people well known in the environmental field; and Eiris regularly checks the trusts.

Financial Accounting

* Taxation

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Management Information

increases held in check. High charges could back

ONE OF the criticisms most frequently made of unit trusts is that the level of charges imposed on investors has risen beyond the acceptable in the

last couple of years.

Take the example of an person who puts £1,000 into a unit trust: ouce charges have been deducted, the sum falls to 2940. The industry could well be in danger of killing the goose that lays the golden

eggs.
There are two main reasons There are two main reasons why unit trust management groups decided to raise their charges: their expenses increased, while income declined. The stock market crash of 1987 frightened off many investors, unit trust sales dropped, and the industry had to market its wares more appressively in view of more aggressively in view of

On top of that, many groups claim that the introduction of the Financial Services Act has increased costs for them: they are no longer allowed to make money out of rounding, and now bear higher costs from dealing and compliance.

"Providing the appropriate level of information for inves-tors has almost trebled in cost, tors has almost trebled in cost, chiefly from postage," claims James Campbell, marketing manager at Perpetual. In fact, Perpetual is one of the few groups that has decided not to raise its charges. Its chairman, Martin Arbib, believed it was not fair to agrees untitleders.

Martin Arbib, believed it was not fair to amony unitholders who were already "upset" about the crash by bumping up charges further.

Whereas, two or three years ago, initial charges were usually about 5 per cent, while annual management charges were about 1 per cent, it is now more common to find front-end charges of around 6 per cent and annual fees of 1.5 per cent and annual fees of 1.5 per cent. And, even though some funds might appear to be less taxing on the manager's brain (tracker funds, for example, which simply invest according to the composition of a particular index), this is not often reflected in the fees. Since the Financial Services

Act came into force, most of the fund management groups have changed their trust deeds, giving themselves the freedom to raise charges in future. The moves met with very little resistance. Unitholders are not in the habit of attending extraordinary meetings, so it proved easy to pass the changes, and the groups argued that the measures were precantionery and that they did intend to raise charges

has not played a major role in keeping charges down, even though its new chairman, John Fairbairn, of M&G, is associated with a group that has a reputation for keeping its charges within sensible limits. And the Securities and Investments Board is not responsible for controlling costs, only for making sure that investors are aware of

There were a comple of exceptions, though. Alan Turevell, managing director of the Manchester-based financial planning group Torevell Mahon Granville, waged a campaign to keep unit trust charges down. He stopped Equity & Law and one of Mer-cury Fund Managers' unit trusts changing their deeds in favour of higher charges, by collecting votes from those of his clients who owned units in these particular fracts. these particular trusts.

Another change regarding charges is the fact that groups are now allowed to deduct their audit, trustee and registration fees from the trust itself: in other words, the unit trust investors feel the deduction, rather than the group and its own shareholders. Managers argue that It

makes more sense for all the costs associated with a partic-ular trust to be deducted from that trust, and that it encourages the individual fund managers to look more closely at how much they are heing charged for these services, in case they seriously affect the fund's performance. The fact that unit trust sales

declined after the crash meant that groups had to step up their marketing and sales efforts. For the groups that use intermediaries, this could well lead to the break out of a commission war, similar to that encountered in the life insurance sector now that restrictions on the maximum commission payments have een lifted. At present, most groups

only pay 3 per cent in commis-sion to intermediaries, but Templeton has already raised its commission to 4 per cent, and other groups could well follow suit and start to pay intermediaries 4 per cent. Perhaps the only way to keep commissions in check is for commissions in check is for investors to ask whether their advisers are offering the best advice and whether the intermediary can justify recom-mending those unit trusts that pay higher commissions.

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THE UNIT trusts market may appear to be saturated. And the sales figures from the Unit Trust Association may show that the individual investor is still reluctant to transfer some of his money from the building

But such unfavourable signs do not seem to deter yet more groups from coming into the sector - thereby increasing further the number of funds available to investors and independent financial advisers.

The unit trust sector has seen not only the entry of established groups from other sectors of the financial services industry (such as General Accident Life, Colonial Mutual and Cazenove), but also the arrival of names new to financial services, including the Savings Corporation and the higgest surprise of all - Marks &

However, each new player appreciated that, if it wanted to break into the unit trust market, it needed at least a tresh marketing message - if not a new-style trust - to attract the investor. The ways in which each of them dealt with this need shows that unit trust investment these days is as much about marketing as it is about investment.

The most fascinating entry was that of Marks & Spencer, a

As one of Britain's leading retailers. M&S should know something about marketing. So it used the slogan "Investment strategy for all Seasons" to promote its first product, the M&S Investment Portfolio an uninspiring name from a group with in-depth marketing

It used the same techniques to develop its unit trust as it had employed in producing its mainline goods, with ontside supplies providing the goods to specifications laid down by

Marks & Spencer. The company hired the US investment consultant firm, Frank Russell International, to advise on the design of products and the selection of investment managars. The result was an investment format that is common among mega-billion pound pension funds, but somewhat alien to unit trusts; a balanced fund investing 20 per cent in fixedinterest, 60 per cent in UK equities and 20 per cant in



was adopted by the Savings

Corporation in its entry into

June of this year, its executives, headed by Peter Tann,

service in the financial ser-

by the group is that, histori-cally, unit trust managers have

tended to aim for high rewards, and inevitably have concentrated on the higher-

risk equities. As such, these

funds have not been suitable

13 funds, from eash to high-

risk equities. Using combina-tions of these funds, it then offers investors a series of six

investment plans, ranging

from ultra-safe to high-risk. In contrast to Marks & Spen-

cer, the Savings Corporation

has used its imagination in

naming its plans, from the Har-

bour Fund (for the ultra-safe) to the Zenith Fund (high

Most new entrants to the

unit trust field over the pest

few years have been life com-panies. Until the advent of the

financial services legislation,

they had concentrated on mar-

keting unit-linked life prod-

ucts, rather than direct unit

trust investment - even

though, for most investors.

unit trusts were more tax-effi-

clent than life bonds investing

reward/high risk).

The Savings Corporation has

The argument put forward

between them have deca

vices investment field.

for the smaller saver

overseas equities, nsing five investment managers to han-dle the various parts of the

The launch, primarily through direct mail to its credit-card holders and shareholders, brought in £56m in the initial launch period, the most successful of 1988, and bas aince seen the amount of money invasted in the fund

Marks & Spencer claimed that this investment strategy aimed to produce an aboveaverage performance over the medium to long term, while cushioning any downside fall; though it admits that the fund, with ita wide investment spread, is unlikely to get into the top 5 per cent. Comparison with other funds

is difficult, simply because few others are comparable. Micropal uses the Unit Trust Associ-ation classification, which puts the Investment Portfolio into the International Balanced funds. Here, among a hotchpotch of funds, its performance ranks around the middle.

Last week, Marks & Spencer announced details of its second product, a UK Selection Portfolio, which will be linked to a personal equity plan. This new trust will invest entirely in UK stocks, including 15 per cent in convertible bonds, with empha-sis on the achievement of income growth.

Otherwise, it will follow a similar investment strategy of splitting a balanced portfolio among various fund managers. in those unit trusts. The fund-spread strategy

The hest-advice requirements of the financial services regulations imposes a duty on the market. Although it is a all life salesmen to promote new company, launched in both categories of investment. In turn, this put pressure on life companies to market unit

> Most life gronpa are now eatablished in this field, though General Accident Life was a late entry, coming in earlier this year. It decided to make a virtue out of simplicity in promoting its two funds - a UK General fund and a UK Income fund, hacked by a media advertising campaign that used a gardening analogy, to attract new investors in unit

The £8m raised so far may seem small, by comparison with Marks & Spencer; but Des Waddington, at General Accident Life, is content with this start, and to date both trusts are above their sector aver-

The giant Norwich Union group has been in the unit trust field for several years, but it was only this year that it decided to expand its operations and market its trusts direct to the public.

Until now, this traditional life company has concentrated on its conventional with-profit products. Now, it will have a much higher profile in promo-ting unit-linked products and unit trusts. INTERVIEW: John Fairbairn, chairman of the UTA

Own brand, long shelf-life Lobbyist for a peppier deal

Ucits, personal equity plans and the Government's continuing privatisation programme are factors that convince John Fairbairn, chairman of the Unit Trust Association, that the industry has a healthy

Former deputy chairman of M&G, the unit trust industry's leading group, Mr Fairhairn was installed as the head of the UTA in April 1989. And, although he has been there for little more than six months, he has already brought to the association a new air of confi-

dence. Since the crash of 1987, the unit trust industry has strug-gled to get its message across to the general public — a situation exacerhated hy the out-standing efforts made hy the and its trade body, the Association of Investment Trust Companies, to encourage investors

into its fold. Indeed, one of his first tasks as chairman of the UTA was to oversee a fierce debate among members about the merits of a generic advertising campaign, an idea fuelled by groups which felt that the industry was underselling itself and losing out to the likes of tha

Although the idea was rejected, Mr Fairbairn believes the debate acted as a catalyst. "It was obvious that a lot of managers wanted more sction from the association on promotion but not on generic advertising," he says. "What they were telling ua is that we should create the climate whereby they can market suc-cessfully their investment products.

The UTA has consequently pot into place a three-point plan, targeting schools, finan-cial advisers and Westminster as key areas to be addressed in the coming months.
"We want to get unit trusts

and the wbole concept of equity investment on to school curriculums," he says. The idea here, presumably, is to make people aware of the

benefits of investing from an early stage, a strategy which the Building Societies Association has been employing successfully. As for financial advisers, Mr Fairbairn feels that many of them "have never sold or rec-



John Fairbairn: sees good times ahead for unit trusts

ommended a unit trust in their lives". The association, he says, will play an increasing role in educating them in the

merits of unit trusts.

However, it is probably in the corridors of Westminster and the meeting rooms of the industry's regulators (the Securities and Investments Board and the Department of Trade and Industry) that the UTA's most important role lies, and on which the fortunes of the

unit trust industry will turn. Mr Fairbairn sees changes to the way that unit trusts can be used in conjunction with personal equity plans as critical to the industry's long-term health. The association is currently putting together its submission to the Chancellor on this matter.

What the chairman and the UTA want is that an investor taking out a full £4,800 PEP should be able to put all the money into a unit trust, Currently, unit trusts can only be used for 50 per cent of the investment, the balance being made up of individual share

Mr Fairbairn's argument for this change is simple and logi-cal: "For nine out of 10 invesstors, a unit trust is a better way of making a stock-market investment than purchasing sbares directly. It implies a spread of risk, mitigates CGT liabilities and removes the tim-

ing problem associated with

huying and selling direct equi-

On this basis, he sees no reason why the Chancellor should not bow to the UTA's powerful lobbying. He also draws com-fort from the association's past successes on PEPa, having succeeded in getting unit trusts included in the first instance and then, in 1989, getting their representation in individual plans raised from 25 to 50 per

Mr Fairbairn also hopes the Chancellor will listen to the UTA's powerful case for a more level playing-field in Europe. With the advent of Ucits (Undertakings for Collectiva Investment in Transfer-able Securities), he is con-cerned that UK unit trust groups are still suffering from penal tax laws which make it extremely difficult for them to compete effectively in mainland Europe.

Although loath to reveal the exact nature of his association's submission to the Treasury, the chairman would like to see the current difficulties that foreign investors have in recovering their tax from the UK reconciled. He would also like to see the after tax returns from making an equity investment in the UK and in continental Europe more equal.

Again, be draws comfort from the past sympathetic hearing that the Treasury has given the UTA on Europe, cul-minating in the Chancellor's decision in March to redoce the corporation tax that unit trust managers pay on over-seas dividends from 35 to 25

Mr Fairbairn is delighted with the recent decision of the Securities and Investments Board (SIB) to set up a unit trust forum, which will enable the association and consumer representatives to present their views on future unit trust regulations. Previously, it was only after consultative docu-ments had been published by the SIB that the UTA was able to air its grievances. "It is a great step forward," he says.

Given effectiva implementation of this three-pronged attack. Mr Fairbairn sees no reason why the unit trust industry cannot make up the ground that it has lost since

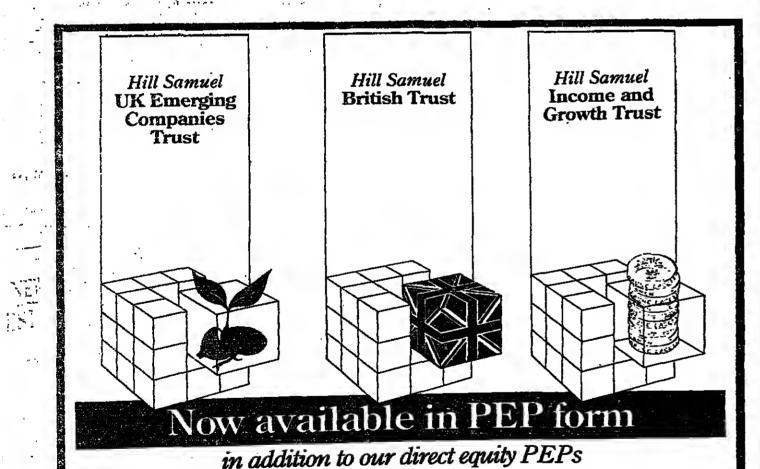
the crash of 1987. Encouraged by the Government's continued privatisation programme - which he feels has opened many peoples' eyes to the benefits of equity investment - Mr Fairbairn sees good times ahead for unit trusts. With more people inheriting large sums and an economy underninged by an enterprise culture, it is not surprising that he says the industry has a "strong wind behind it"

Not that he is complacent. "The industry has come a long way since I first became part of it in 1961," he says. "However, it still has a long way to go, in terms of penetrating the con-sumer market. We need to get the message across that participation in industry, through the ownership of stocks and shares, is a better idea than tucking your money under the mattress at home, or leaving it in a hank or building society.

Given the quiet but forceful nature of this optimistic man, it is likely that, by the time he relinquishes his chairmanship in April 1991, the industry will have moved some way in this

Jeff Prestridge

Deputy Editor Money Management

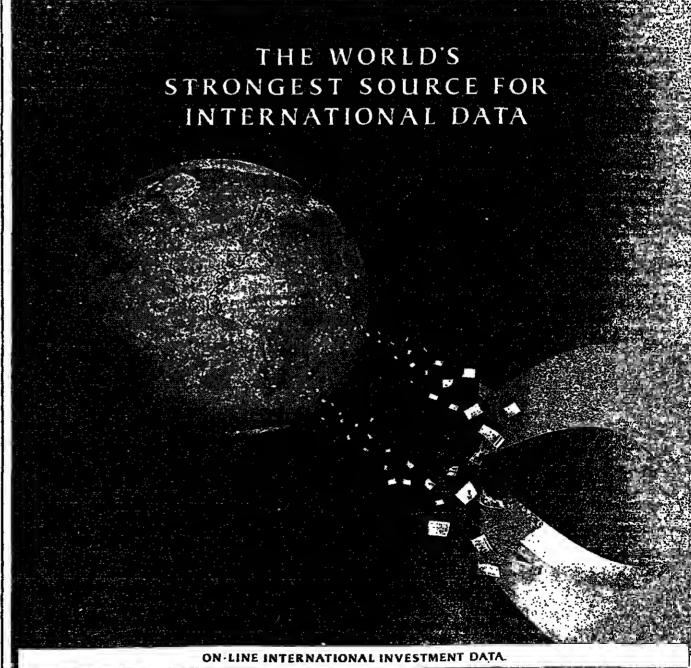


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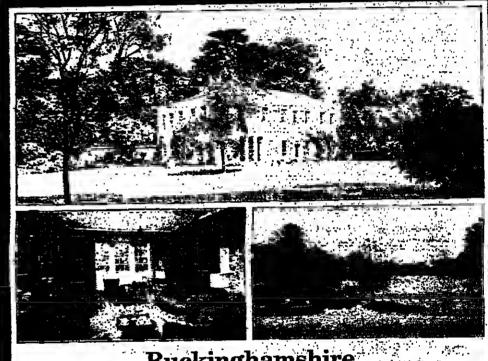
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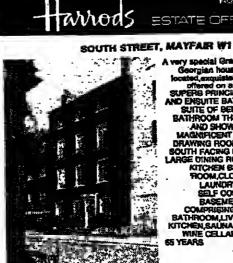
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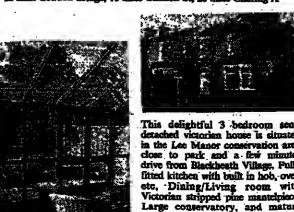
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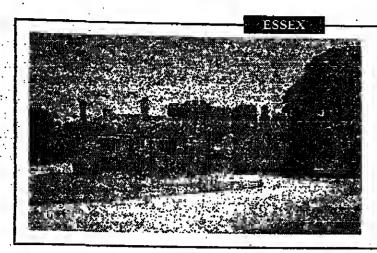
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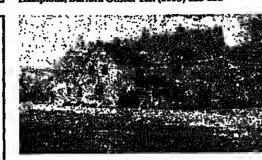
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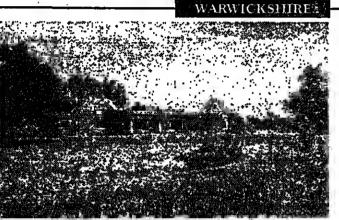


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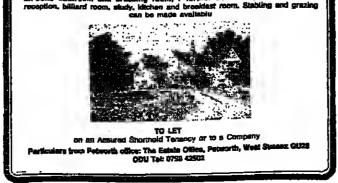
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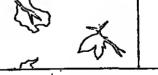
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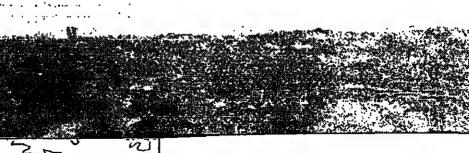
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PROPERTY

Bonds – the polite word for time-shares

John Brennan meets a man who has found a gap in the very competitive holiday market

O NOT call it "time-share" that upsets Geoffrey Baber seriously. The term also upsets customers and, as the £40m Holiday Property Bond does have more than 11,000 bondholders on its books and some 250 properties from Florida to Cyprus, HPB founder Baber's sensitivity to the

Sales impact apart, at first glance HPB's conscious distancing from the time-share business might appear to be a curious affectation. HPB does, after all, offer its investors the right to use a property for a pre-determined period each year, which is one loose but common definition of a time-share. That, however, is where the similarities fade. Baber, a one-time rare book dealer, did have a shot at a variation on the theme of time-sharing before conjuring up the property

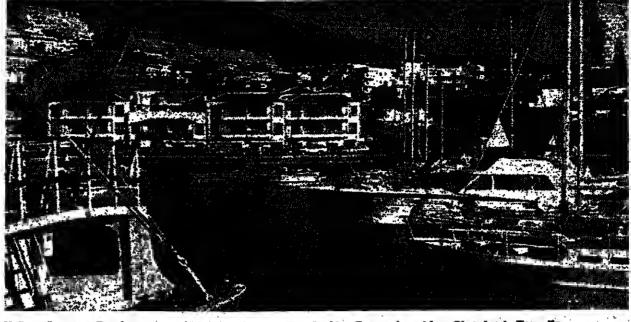
The first plan sank before leaving the slipway but the second has taken the slipway but the second has taken on more and more momentum since the beginning of the 1980s. The principle is simple enough. Stripping the multi-ownership holiday property concept back to its basics, Raber was left with a few evident needs. For every one person willing to buy a holiday property. logically, there must be many more who simply do not have the time or the expertise to buy one, or who do not want the problems of or who do not want the problems of two properties, especially if one is at a

These holiday home buyers, and the much wider group of shadow buyers, would hardly consider the complications of buying if they did not want to ensure the quality of their holiday accommodation. Neither would they be lined up as buyers or window shoppers if they did not think that a single payment now would save on future costs, or if there was any doubt about a future exit for that investment through a re-sale.

Throw in the odd free clock and the offer of a prize draw for a Concorde flight, snap on a sincere smile with plenty of positive eye contact, and all this market gapology could provide the basis for a typical time-share resort sales pitch. Once beyond these asic aims, the bond idea drove off the time-share path towards an inves-tor club concept that has many similarities to the Swiss holiday resort

company, Hapimag Property Club. In the Swiss scheme, prospective owners buy shares in Hapimag which, in turn, owns properties in more than 40 resorts. Holiday points are allo-cated in line with the number of shares bought, and those points are used each year to book accommodation in the company's villas and cha-

The investors' exit is through re-sale of the shares, which are quoted



Holiday Property Bond owns a number of apartments overlooking the marina at Los Giganies in Teneritie

publicly in Switzerland and traded actively despite initial re-sale restricactively despite initial re-sale restrictions and sale-triggered management charges. The Holiday Property Bond can be seen as a British variant of the Hapimag system. In addition it offers a similarly simple exit for investors through a buy-back guarantee for bonds at their publicly quoted price. Beyond that, HPB has been constructed to fit the peculiarities of the

structed to fit the peculiarities of the UK market and to accord with the constraints on the marketing of investment products. As the only single-premium, whole-life assurance policy with a rent-free holiday home ser-vice each year, HPB salespeople can say honestly that it is the best on the arket. There is no risk of their being hauled before a Financial Intermediaries, Managers and Brokers Regulatory Association (Fimbra) firing squad, since the bond is the only one of its kind on the market - a point

that, frankly, bemuses Baher.
"I have to say that I don't know why there are not any more," he says. In fact, he does have a pretty shrewd idea, speculating that the whole cacophony of criticism of the timeshare business makes replication of HPB seem like too much hard work. Hence, Baber's unstituting criticism of the time-share industry per se. "They deserve the press they get," he says,
"We have had a 28-day cooling-off
period from the very start, and we
make a point of telling everyone
exactly what they are in for.
"They know there is n 25 per cent

"They know there is a 25 per cent management charge up front. We don't hide it - we tell people and show them what it pays for. Time-share marketing costs are twice that or more, but you would never find out from the average time-share sales-

Baber's efforts to distance HPB

from the time-sharers extends to rejecting offers to set up membership of the time-share exchange schemes to bondholders. "That is not the kind of thing they tend to want to get involved-in," he says. n a more pragmatic note, it

seems that the merest hint of normal time-share in an initial sales approach tends to result in slamming doors and an

ahrupt end to conversations.

Comparing bonds to a simple timeshare is a chalk and cheese exercise.

Bondholders buy a single-life policy
issued by Isle of Man Assurance in
units of £100, with a minimum investment of £1,000. Sales in the UK are through the Villa Owners' Club (tel: 0638-666-262) with the 28-day money-back guarantee applying if people change their minds.

At the end of 1988 HPB's cash deposits, and an investment portfolio consisting mainly of short- and medium-dated Euro-sterling bonds, accounted for a third of the fund's total value against a target liquidity of between 30 and 40 per cent.
This cash provides the safety valve needed to meet a commitment to buy

back bonds at the price quoted in the Financial Times each day under "Isle of Man Assurance." The bond has fur-ther bars against a run on funds by

restricting buy-backs to bondholders whose money has been in for at least two years, and making encashments conditional on three months' written

HPB also provides for an option to defer redemption rights in exceptional circumstances for up to 12 months. The life policy self-evidently runs out on death, in which case the estate receives the unit value of the policy in full and an age-related extra benefit. In practice, most of the bonds, and pretty well all the bonds sold to nominees of corporate and institutional buyers, are linked life policies for two people so that the rights transfer to

the survivor.

The quoted, guaranteed buy-back bond price reflects the state of HPB's investment portfolio and the value of the state of the partfolio and the value of the state of the state of the partfolio and the state of the partfolio and the state of the state a 250-holiday property portfolio, val-ued by Humberts on a monthly basis. The idea of monthly valuations for residential properties in 16 different locations certainly would raise a few wry smiles in the property industry. But even if monthly valuations are likely to be a trifle academic, Humberts would have a clear hold on valnes year to year to satisfy Touche Ross, which is HPB's auditor. As for the properties themselves, HPB lets its boudholders have a mea-

sure of control over what is bought and where. Property selection is by a 10-person committee, six of whom are elected from bondholders. It is chaired by Michael Furnell, founder of the gazine Homes Overseas. He is one of the most knowledgeable and inde-pendently-minded journalists on the

international property circuit, and his input is evident in a property selection of a quality likely to appeal to investors who are, for the most part, family holiday-makers and near, or just, retired people. As a proportion of the properties is adapted for disaof the properties is analysed for bled people's use, the RAF Holiday Disabled Trust is one of the larger institutional investors and sits along-side the mass of individual holders whose average investment now is around £4,000 a time.

The off-shore life policy and the investment cover would be of no particular interest but for the holiday points arrangement, which operates on a straightforward exchange of on a straightforward exchange of points for weeks of accommodation. Every £1 of initial investment equals a point and, once you have your allocation, the number is increased each year to reflect rising property costs (and would be reduced if values fell). Effectively, that inflation-proofs investors in terms of the accommodation to which they have rights at the

tion to which they have rights at the level of their initial investment.

If and when they decide to top-up on their holiday points to use more space, or use it at a better time of the year, they come in on the same £1-toyear, they come in on the same al-to-one-point basis. This provides a clear incentive to add points early if the idea works out, and Baber's sales team is not slow to point that out. As a result, he reports that HPB's largest

single source of exira funds each year comes from existing bondholders. If holders cannot, or do not want to, use any one year's allocation of use any one years allocation of points, there are no problems about passing on the points to someone else; otherwise, the points can be rolled up and added together for up two years. To help make a choice of 13,000 available weeks of accommodation, the bond's location guide takes a lead from those heliday package groups that include a warts and all view of each resort. each resort.
Telling bondholders which apart-

ments do and do not get direct sun-light must help. So, too, must the news that a local village has no night life or that the electric heating in a ski chalet only runs to four (one presumes hot) showers a day.

As for costs, a two-bedroom, two-bath vills at Rocha Brava on the Algarve runs from 1,110 to 5,180 points a week depending on the sea-son. A two-bed, four-bath chalet eight kilometres from Saalbach, Austria, runs from 4,360 to 10,090 points a week through the year.

There is a single-user charge of £105 a week to cover running costs for the Portuguese apartment, and £244 for the chalet. These user changes are the only extra cost for a bondholder, as the core management fees are covered by the initial charge and by subsequent investment income.

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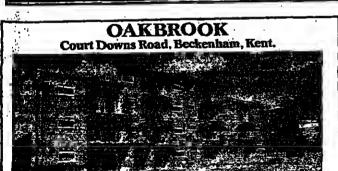
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DIVERSIONS

New Rover keeps its Honda link

Rover's most important new car since the 800; the introduction to Britain of an attractive three model Mazda 323 range; and the first chance to try a big Peugeot aimed at BMW and Mercedes users . . . even in a packed motoring year, these three events made it an exceptional week. Rover's new 200 is, like the

last one, based on a Honda. There are four models, all with fuel-injected, 16-valve engines and a five-door hatchback body although a four-door booted saloon will be added before

long.
One is more Honda than the others: the £10,940 Rover 216
GSi, which has a 1.6-litre
Honda engine and gearbox.
The three other 200s are powered by 1.4-litre versions of Rover's new and advanced K-Serles engine, and their five-speed gearboxes are Peugeot-designed but modified and

made by Rover.
Prices start at £8,775 for the 214 Si. The better-trimmed SLi is £9,580 and the most luxurious GLi sells for £10.418.

Because I was abroad at the time of the media launch, I have not yet been able to drive the 200. But Rover claims that its overall performance, ride and handling are as good as, or better than, larger vehicles and colleagues at the launch say the claim is well-founded. The K-Series is a lean-burn

engine running on unleaded petrol. It puts out a lot of power (95 bhp at 6,250 rpm) for its size and weight and is, by all accounts, a smooth and eager performer. As its coolant capacity is a mere 1.2 litres, it warms up very quickly after cold starting – good news for those who make a lot of short iourneys.

The layout is conventional, with a cross-mounted engine, front-wheel drive, all-independeut suspension similar to that of the Rover 800, and a roomy interior. But a European mar-ket "first" is its safety steering wheel. This was developed by Rover and the British government's Transport and Road Research Laboratory. Should the car crash, facial injury is less likely because the struc-tural parts of the wheel are located away from the driver and are well-padded.

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The competitive prices of £8,775 for the 214 Si eutry model and £9,580 for the SIA mean that many of the features buyers have come to expect have been left out; for example, the Si has no central locking or sun-roof while the SLi lacks electric windows. But both have interior tail-gate and fuel filler flap releases, height-adjustable steering wheels, 65series tyres, rear wash/wipe, and 60/40 split rear seat back-

rests.

Traditional Rover wood trim starts with the GSI, which also has a power-operated sun-roof. Noue has power steering (a £300 extra across the range), while other desirable but non-standard items are anti-lock brakes (£895), air-conditioning brakes (£895), air-conditioning (£1,000) and automatic transmission - on the 1.6-litre GSi only – for £769. While I look forward to driv-

ing the 200s soon, I have been able to sample extensively the naw Mazda 323s. There are three quite distinctive body styles - three and five-door hatchbacks and a four-door saloon - and, remarkably, none of the visible body panels is shared between them.

A choice of three engines (of 13, 16 and 18 litres capacity, all with 16 valves) is offered. Standard transmission is a five-speed manual gearbox of surpassing smoothness - the one used in the L8 GT even has synchromesh on reverse but a three-speed automatic is available on the 1.6-litre SE Executive models.

Showing how much it is attuned to public taste, Mazda fits every 323 with power-as-sisted steering as standard. Interestingly, Toyota has just announced that all its Corollas (from £8,178) and Nissan its Bluebird Premiums (from an exceptionally keeu £7,999 on the road) are to be power-steered. I have been nagging away for years about the need for power steering on cars of super-mini size and over and I'm delighted that the Japanese, at any rate, seem to agree

For the 323, Mazda claims bodies of class-leading rigidity and a new, secret paint finish rivalling that of luxury-class cars. When I drove the new models over all kinds of roads in California, both their refine-ment and glossy, lustrous fin-

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MOTOR CARS





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Stuart Marshall enthuses over a week to remember

Californians, regardless of the 55 mph (88 kmh) limit. Visibility is excellent, and the seats are shaped properly, comfortable and well-matched to the suspension. The brakes (ventilated discs on the front of all models, drums on the rear except for the GT, which has an all-disc system) were light and unaffected by hard use on

Prices start at £7,849 for the 1.3 SE three-door hatchback and go up to £12,299 for the five-door fastback. Whereas the cheapest 323s might be seen as Ford Escort/Orion rivals, the three- and five-door GT injec-tion models struck me as possible alternatives to the Peugeot

long descents.

205 GTi or Volkswagen Jetta

For the time being, there is no replacement for the present turbo-charged 323 4x4, a baby quattro of a car. But you can be confident that if Mazda in Japan perceives a market for a new 323 4x4, it will be added to

the range.

And, finally, to the Peugeot 605. This large, four-door saloon was unveiled at the Frankfurt motor show last month. Although on sale in France already, it will not reach British dealers until late spring 1990 - by which time its stable companion, the Citroen XM, will have become vell-established.

The two cars share engines, transmissions and a number of other components but, somehow, manage to feel totally different. The 605 is dignified with the scher classic civiling with the sober, classic styling and quietly tasteful interior (with plenty of walnut veneer) that Peugeot must have felt necessary to tempt the French businessman out of his Mer-cedes, BMW or Volvo. But and this is a personal view - I think the 605 could suffer from the same handicap as its prede-cessor, the 505. It looks so similar to the next model down that onlookers may have trouhle telling which is which. In appearance, the 505 was uncommonly like the smaller

and cheaper 305; from soma angles, the 605 is uncomfortably similar to the 805's successor, the 405. As a result, customers may be reluctant to spend a lot of money on a car that might be mistaken for the

cheaper one, anyway.

Time will tell if I am wrong.

For the present, I can say that
the front-wheel driven 605 is a considerable advance in every important respect on the veteran, rear-wheel driven 505.

There are two versions, each with three-litre, fuel-injected V6 engines. One has two valves

per cylinder and puts out 170 horsepower; the 24-valve engine produces a lustier 200.

The entry model – the car calculated to persuade existing 405 owners to trade-up to a 805 owners to - has a two-litre, four-cylinder engine (also fuel-injected) that develops 115 horsepower. The only transmission is a fivespeed manual but the ZF fourspeed automatic (used also by Jaguar and BMW) will avail-able by the 605's British debut in six months.

The 605 sells in France at prices ranging from about £11,400 to £22,800. Because of tax differences, these are only a rough guide to what the car will cost when it arrives in the UK, but they show that Peu-geot has taken a distinct move up-market Last week in Touraine I tried

and, just as importantly, rode in the back seat of two of the V6-engined cars. Their ride is close to perfection (aithough, for a Pengeot, anything else would be unthinkable). As you would be unrhinkable). As you move up-range and the performance potential increases, the tyres become fatter, rated for higher speeds — and less able to smother slight roughness in the road surface.

So, for me, the best of all the 805s for a combination of ride comfort and lack of road noise, with entirely adequate performance, was the least expensive two-litre, four-cylinder car. With less weight up front than the V6 models, it handled even more nimbly. True, it lacked their shove-

in-the-back acceleration and would not trickle through towns quite so easily at low speed in fourth or fifth gear. speed in fourth or him gear.
But it was a beautifully-mannered, roomily-comfortable car
with a large boot and a potential price tag (my guess is just
over £14,000) that will put it
within reach of many a Granada, Carlton and Rover 800

owner or user. The V6 cars were, of course, more exciting to drive. The 200 horsepower SV24 has a private circuit maximum of 146 mph (235 kmh) compared with the two-litre SRI's 126 mph (200 kmh). But while acceleration of the V6 cars was more urgent, I found curiously little difference on the road between the 12-valve, 170 bhp SB 3.0 and the 200 bhp, 24-valve SV 3.0. In the back seat, there is

enough leg-room to satisfy a tall man and an almost complete lack of noise except for some rumble from the tyres, Up front, you can hear the wind rushing past the mirrors at really high speed, but little Will there be a 605 estate?

Peugeot is quite definite there won't in the short to medium term; but the old 505 estate will remain in production for some

Power and the 1 offshore glory

omorrow, the citizens of Atlantic City, New Jersey, will hear a new sound to replace the endless clatter of slot machines and crap games. This will be the roar of mas. sive Volvos, Peterbilts and Kenworths - the trucks towing the trailers carrying a con-voy of boats and beralding the biggest sporting event the casino-rich town has seen. From the boardwalk and spectator boats moored

mearby, 500,000 people next week will watch the Trump Castle world effshore power-Castle world offshore power-boat championships — an event which, this year, could be the turning point in the his-tory of the sport. For while offshore powerboat racing is growing in terms of those will-ing to risk life and limb — and spend big money — it is also growing in confusion.

It has yet to decide just what it should be: whether to stay a contest between mono-hulls, which do better in rougher water, and catama-rans, the smooth water spe-

rans, the smooth water spe-cialists, or to be all-mone or all-cat; whether to continue the present world champion-ship formula of three races at one venue, or a series at five or six venues; and how to attract the major sponsors whose cash is crucial to the sport's growth.

Mike Redpath, chairman of the organising committee, says: "There is a lack of shared identity within the sport at all levels, but we hope this event will encourage people to take stock and make decisions. There is no coordination between the US and the rest of the newsrhout racing rest of the powerboat-racing world, although it is not by

"In the early days of offshore racing, teems would have three boats, one in Europe, one in South America and one in the US. With costs escalating, lew can afford more than one nowadays. Peo-ple must ask themselves: Do I want to turn professional? You cannot, in offshore racing

You cannot, in distore racing, function as a semi-professional and give the appearance of being professional.

"Also, are we 'offshore' or 'ocean' racing? This question has not been resolved for 12 years and must be because, for example, some of the boats designed for offshore racing cannot handle ocean swells. cannot handle ocean swells. But our higgest problem is sponsorable. Because there is no clear view of where the sport is going, sponsorship is

The organisers do have Texaco as the major sponsor of next week's event and are trying to entice other major companies into the sport by pro-viding TV coverage of the award ceremonies, colour pic-tures around the pits area, general public exposure to the pit areas and company hespi-tality areas. But Redpath says: "For the sport to move forward, we have to look at other

"Maybe we need to put up banners (advertising hoardings) on the course. It works well on lakes in flat calm. Or film the races and beam them onto giant acreens, perhaps with the help of airships." Like motor racing's Formula

Like motor racing's Formula
I, offshore powerboat racing
has a growing list of superstars. Greatest crowd-puller in
Atlantic City should be Don
Johnson who, when not acting
in Miami Vice, is a serious
powerboat racer and present
world Superboat champion.
Others include Tom Gentry,
who recently broke the Atlantic crossing record; Adriano
Panatta, the former Italian
tennis star; Stefano Castraghi,
husband of Monaco's Princess
Caroline and probable favour-

ite for the Class I world title; and Fabio Buzzi, the Italian

and Fabio Buzzi, the Italian off-shore master.

The tragedy for Britain is that while it has had its best racing year ever — Britons now hold four of the seven world titles — it will have just one representative in Atlantic City: Roger Fletcher, who will be defending the Class II world championship he wen off Guerney last year.

Another Briton, Steve Curits, a double world Class I

tis, a double world Class I champion, should have been there but ran into a contractual dispute with WAC Monte Carlo, his management group. Because his case was not heard before a tribunal in Grasse, France, until Thursday, he was effectively ruled out of contention.

out of contention.

In all, the event will have more than 100 boats competing in nine classes. They range from the 50ft Superboats, with virtually unlimited power and top speeds of 130mph-plus, to the 21ft Sportsman A craft with a maximum of just 590m; in Class I, Italy has the strongest entry and remains strongest entry and remains



the dominant force worldwide. But the event will not just

But the event will not just be about the champlonships. At a symposium organised by the Union Internationale Motonautique (UIM), the sport's governing body; a paper will be presented by Richard Eidout, chairman of the offshore racing committee of the Royal Tachting Association which is the governing body of British powerboating; Pasid Parkinson, secretary of David Purkinson, secretary of the offshore commission of the UIM, and Daviel Audotto, the Italian representative on the UIM and the man behind Lamborghini.

The paper will call for a re-structuring of the world cham-pionships. The concept is to have a series of races in five or six venues as they fall within the existing European/US racing calendar.
This would, for example,

this would, for example, start in Marbella in April, then move to St Tropez, Monaco, Guernsey (or Cowes) and finish at Key West, Florida, or Atlantic City, in November rather than have the title decided over three races at one venue in a single week.

. Whatever the outcome of the meeting, next week in Atlantic City should be an ear-shattering blockbuster. Wins by Johnson, Casiraghi, Buzzi or Panatta would serve nicely to raise public perception of the sport — and in a town which is well-used to media hype thanks to Mike Tyson, Frank Bruno and other boxers.

But hype or not, next week will be critical for a sport anxious not to founder in its own wake. It is a gamble the casino owners and their clients would

Dorian Gibson

HE PROJECT was

Cyclists on the

road to China

straightforward: I and three others would cycle from Oxford to China to show the support of British students for their Chinese counterparts and also to raise money on their behalf. Student organisations across the globe would open their city gates to greet our arrival. A mass cycling cavalcade would arrive triumphantly in Peking.

When I announced my Cycling for China project in June, initial disbelief among my friends gave way to scepticism. I had shown not the slightest interest in cycling previously, indeed, I didn't even have a bike. I was chronically unfit.

More important, how would the money reach the intended recipients and how would I fund the preparations and the trip itself? Sadly, but inevitably, much of this scepticism has proved

well-founded.

Political, climatic, financial and temporal concerns all made it necessary to re-structure my original plan. By early August our team of four, two of each sex, had been assembled and the plan was established. We would fly to Karachi and then cycle through 1,500 miles of desert and mountains to the Chinese border. There, we would lay a wreath in memory of those massacred in Tiananmen Square on June 4, and as a symbolic gesture of support, before returning via a different

Few individuals anywhere - except in the higher echelons of the Chinese government, which denies the very existence of a large-scale in private, condone the massacre. But institutions have had to be much more cautious in their public reaction (although the welcome in Paris accorded to the fugitive Chinese student leaders is a noteworthy

This sensitivity over relations with China has affected Cycling for China in two adverse ways. First, the corporate support for which I had hoped to help finance the trip has not materialised; my letters received a series of polite, yet firm, rejections. Even close personal friends have felt compromised potentially by involvement and have had to decline the proferred sponsor form.

exception).

This created serious problems of funding because, as students who had graduated

recently, we were low on credit. But I was desperate to avoid a postponement in case the issue faded from public view altogether. Second, we have had to

minimise the public aspect of our mission lest we upset Pakistan, which regards China as a crucial counterweight to a Soviet-backed India. For the final three weeks of our trip we will be pedalling up the Karakoram Highway, the construction of which in the mid-'70s symbolised the Sino-Pakistan entente.

So, farewell to my reveries of a mass cycling rally. We will depart inconspicuously. En route, the reason for our journey will – regrettably – be played down to a minimum. Climate has added further

restrictions; our trip is a race against time. By the middle of November the Khunjerab Pass, our goal at over 15,000ft, will be blocked by snow. And although the recurrent landslides in the region could just be surmountable with our lightweight mountain bikes, snowdrifts certainly are not. We have six or seven weeks to get from Karachi to the Khunjerab and back below the

Pakistan itself presents its own problems to would be travellers, let alone novice cyclists. The return to democracy, with Benazir Bhutto's election as Prime Minister last year, has not quelled the instability in the

On our arrival we will spend two weeks passing through the Sind, traditionally a Bhutto heartland but still split by ethnic and political rivalry and where abductions as bargaining counters are rife. After much thought, my two female cycling companions have decided to bypass this volatile region. The unusual sight of women in public could exacerbate any tense situation; even by Pakistani standards, the Sindhis are regarded as especially religious. Even if we survive the

unwanted attentions of the homicidal truck drivers on the National Highway – there again, our flashy designer bikes may strike a chord with the proud owners of the equally garish trucks - we will have to watch our route with care. The devout Sindhis bestrew the roadsides with mehrabs, or prayer niches. We would be unpopular indeed if, albeit inadvertently, we should ride over such holy

ground. Such considerations depend,



Pakistan-bound: Alec Russell and colleague Victoria Mitchell

of course, on our finding the right route out of Karachi in the first place. The inshility of the locals to admit they don't know an answer is matched only by our inability to master Urdu.

Prompted by nightmares of unmarked desert crossroads. I have bought a compass and an Urdu phrase-book. The former might be the more useful in Karachi but the latter could at least help us to assert our basic needs when we arrive, bottom-sore and leg-weary, at some remote Sindhi village after the first of 80 long days in the saddle.

The Cycling for China team, with panniers provided by Carradice and cycles subsidised by Caratti Sport,

Bristol, is now in Pakistan. Money raised on behalf of Chinese students is being he in a trust fund by a firm of London solicitors. At present, it is impossible to transfer the money to China. If this situation persists, it will be used at the discretion of the trustees - in conjunction with the Great Britain China Emergency Fand — to support Chinese students who are unwilling/unable to return

Contributions should be made payable to Blount Petre and Co., crossed "Cycling for China 1989," and sent to Blount Petre at 29 Weymouth Street, London W1.

Alec Russell

Bridge MY FIRST hand comes from a rubber. Let us study That Extra Chance:



At game-all, South dealt and was pleased with his hand of 25 points. He began with a con-ventional two clubs. North said two diamonds, as expected, and South's re-bid of three no-

trumps closed the auction.
West led the spade knave,
East dropping the six. South
took with his queen and considered the position. If one
defender held the ace of clubs, either singleton or doubleton, all would be plain sailing. But if the ace was twice guarded, it would be withheld for two rounds, so limiting the declarer to two tricks in the suit. In case the bad break existed, the declarer looked round for some extra chance.

He saw that if diamonds divided 3-3, or West had a doubleton honour, there was a chance of making another trick

in the suit. At trick two, he led his two of diamonds. East wou with the nine and led his seven of spades. South took with his or spaces. South took with his ace and played his club king. When this held, he cashed the diamond ace, dropping the queen from West. He then continued with the knave of clubs, overtaking with the queen in dummy, which held. That meant no more club tricks and dummy's third diamond was returned. returned:

East took with his king and led another spade, but declarer made his contract with three spades, two hearts and two tricks in each minor suit. Well-conceived and timed

heautifully.
This hand from duplicate pairs teaches Transfer the



At a love score, East dealt and bid one diamond. South over-called with one heart, North said four hearts, and all passed. Most Souths got to four hearts, but most of them went down. One declarer, however, played with great skill.

West led the two of diamonds. East cashed queen and

monds. East cashed queen and ace and led a third diamond to ace and led a third diamond to the knave, dummy discarding the eight of spades. Now South finessed the heart queen, los-ing to the king, and East returned a heart to the eight. The only hope of success was a club-spade squeeze against West But those was a care. West. But there was a snag. Rast was marked with the king

of spades, so West would not be under any pressure. Then south saw a possible solution. He led dummy's spade queen. East played the king and the ace won. Now, if West held the knave of spades, this transfer of the menace would establish West as victim-elect of an auto-West as victim-elect of an automatic squeeze.

The declarer cashed two rounds of hearts. This left West with the spade knave and four of his clubs; dummy held the spade 10 and his four clubs. When the last trump was played, West was forced to surrender the 10th trick to the 10 of spades or the three of clubs.

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Without this transfer, there is -no squeeze

E. P. C. Cotter

TRAVEL

Y LASTING image of Goa is of the airport. There, early one morning, 1 became embroiled in a row over seats on an Indian Airlines flight to Cochin. Four of us discovered that reservations we thought had been made months before had in fact been made only days before, when the flight was already full. We had been wait-listed. We had a troublesome hour before finally being allocated seats. Once on board, however, an airline official ordered us off in a dictatorial manner, without explanation and without apolo-Feliow travellers were

appalled, and one Indian told the official that he was not prepared to sit by and listen to foreign visitors being treated in this way. He rightly said that since we had been allocated boarding passes we had a since the case and that the right to our seats and that the airline had better sort out its roblems without evicting us. The plane remained on the tarmac for a further hour while the problem was solved. The other passengere sat quietly, occasionally asking for a rea-son for the delay.

I apologised to the academic

in the seat next to me who was in danger of missing an impor-tant meeting. He said an apology was not in order. He only hoped that I was not getting too-unfavourable a view of his country. It'e a pity that Indian airlines have so many problems - and they do: this was no isolated incident. There are not enough planes and schedules keep changing, and because of this unreliability, easoned Indian travellers book three flights at a time, All this means that wait-listed passengers (like us) often get on to flights that look hugely oversubscribed. But the point of my story is that it illustrates indian gracionsness (Indian Athrese excepted) and how the country views tourists; not as a misance to be tolerated in persuit of income but as val-

It was not always so in Goa. In the Sixties the place became fashionable with hippies: they flocked to the beaches, lived in palm-leafed huts, forsook clothing for g-strings and whiled away their days sampling drugs. Their disregard of local customs made them unpopular and their image drove away the traveller with money to spend. Many of the hippies have gone, but some remain. The first time I stumbled across them on Calangute beach, I felt caught in a time-

warp. I had just finished re-reading

THE TRAVEL industry seen

summer months, leading

package tour companies

admitted that holiday bookings for this winter and

this week to be in the threes

of its biggest crisis for years. After the traumas of the

next summer are disastrously

down - by 30 per cent on

and 50 per cent for next

The sharp decline -

in interest rates - had

immediate effects. The

Automobile Association

average for winter holidays

exacerbated by the recent rise

announced it was pulling out

of selling package holidays, with the loss of 500 jobs, and

speculation about the future

continues to be rampant.

The implications for would-be holidaymakers is

clear: if there is no reason to

book early (because of school helidays, etc) then there is very little incentive to do so.

There are few special offers

early — such as free places for children, which were on

consumers faced with an

moestain economic future

The implications for the

offer last year - and

so far in advance.

around this year for booking

for other travel agency chains

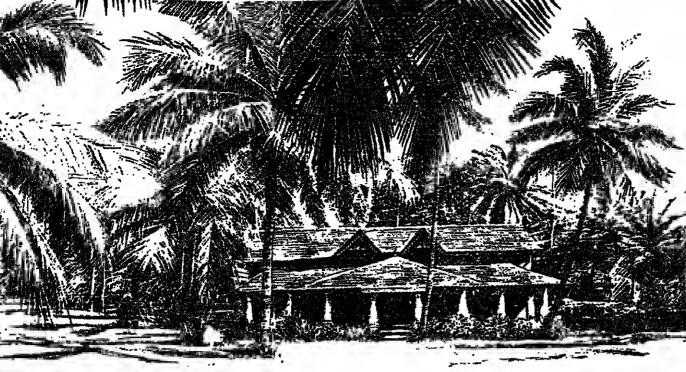
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Not just for escapists

Linda Christmas visits Goa, erstwhile home of the hippy

Malcolm Bredbury's History Man and that satire on those self-indulgent years made the eight all the more poignant. But while some hippies linger, Goa is now attracting those not merely seeking escapist fanta-sies. There has been much controversy about how far tour iste, both five-star and back-pack, should be allowed to intrude. The story goes that in the days of uncertainty, a bus load of Germans was greeted with rotting fish: the locals felt the need to assert their desire not to be swamped.

Yes, there are those who want only endless sun. They fly in on direct flights and hardly move from the hotel beach, but many more view Goa as a soft landing to either the start or finish of a more adventurous look at southern India. That's what we did.

Having worn ourselves out skipping around the southern Indian states, travelling thou-sands of miles through heat and dust with a tour operators's itinerary that was not as well organised or as carefree as I had hoped, we collapsed into Goa in need of rest and relaxation. Guide books insist on saying that Goa is "un-Indian,"

which is totally misleading. Of course it is Indian, but it is India with a Portuguese veneer rather than a British flush. The Portuguese kept their hold on this long, narrow coastal state for more than 400 years - until 25 years ago. But the different feel of the state owes as much to geography as to colonial ownership.

It is a lush green place and the impact of this physical dif-ference reminded me of the contrast of Bali after a visit to Java and Sumatra. These physical differences, which include miles of magnificent beaches, mean that Goa has the laid-back feel of a playground, for Indians as well as foreigners. Goa is "different" because its

power as a trading base has long since vanished and its raison d'etre is relaxation. We stayed at three different hotels, in two different parts of the state. Our first stop was meant to be the Vagator hotel, but overbooking and a host of complaints from other visitors had prompted our tour operator to substitute the Airport hotel. This was pretty basic, so we quit and decided to spend our opening nights at the Oberol. It was an excellent decision.

the end of a long flight and the beginning of a three-week trip when one needs to be cosseted. The Oberoi had its problems. There had been a strike the day before, Christmas Day, which had management working around the clock, but by time we arrived the conflict appeared to have been resolved and the service was splendid. Later we sampled the Ronil Beach hotel, a good, mid-priced small hotel where we were made most welcome, even though they did plonk a surcharge of £15 on us because we had been allocated rooms

the tour operator. Finally, we moved once more to the Taj Holiday Village, which despite a name conjuring up images of a bustling Club Med, has charm and character and much style. Our rooms, two abreast, were set cottage style among the palm trees, jacaranda and bougain-villaea. It was peaceful and pleasant, except for the day when a German lost his temper with his young son and picked him np and marched him to the pool and threw him in. Other adults looked on in dis-

superior to those booked by

There are times, especially at gust but nobody said anything; the end of a long flight and the an Indian lifted the screaming child out of the pool in silence.
The Taj village offers the simple life compared with the neighbouring Fort Aguada and the Aguada Hermitage, where the Commonwealth leaders stayed during their conference in 1983. The three are part of the same complex and we often

forsook our restaurant for a

tonch of glamour next door.

This is encouraged, and so is the use of other facilities including an impressive sports and fitness complex. Taxis line up outside the Tai all day to whip you away to avariety of restaurants. The sa Blanca became a favourite. It is owned by Erica, who ran Casa Portuguese with her husband until they split and she set up on her own. Casa Blanca had been open only six weeks, which meant that the staff were still learning how to set a table western style. The cabbage soup was a must, and all the fish dishes, includinglobster and giant prawns, were delicious. But beware: Goan food is spicy, particularly any-thing marked "masala," and it is just as well to ask for a mild

to beer (inexpensive) and buy yourself a bottle of locally-dis-tilled Booth's High and Dry for early evening cocktails or try the local feni, made from either cashew or coconut.

Excursions to places of interest are plentiful. 1'd adviss skipping the hotel-run offerings; they leave late and one is always kept waiting by someone who claims the right to linger. Taxis are cheap. Panaji (or Panjim) is the state capital; sights are few but wandering through narrow streets is relaxing. A few miles away, Old Goa, is more to the taste of the average tourist. It once rivalled Lisbon, although that is hard to imagine now, but many religious monuments survive. The Portuguese archi-tecture made an interesting contrast to the glories of Hindu and Muslim sights of southern

We soon got into conversa tion with a visiting Indian (Catholic) priest who ran an orphanage and who was more than happy to flesh ont the details offered in the guide books. But since Goa is primarily for relaxation, the beaches take pride of place and they are everything the brochures

At sunrise they are empty: It could be chilly at 7am, and 1 had the beach to myself most days except for youthful Goan joggers who greeted me. When I returned a cheery "hello" they lined up to kiss my hand. It was a most agreeable experience. ence. Sunset attracted everyone. It was a nightly spectacu-

Bogmalo beach (the Oberoi) put on the best show, hundreds of Goans taking their evening promenade with girls holding hands five abreast, wandering through the surf and suddenly tumbling into the waves. Twenty years ago those hip-

pies certainly dropped out in a eautiful spot.

 Details: My trip was organised through Inspirations East of Pembroke House, Pembroke Street, Oxford,

0753-830883, which offers direct flights from Gatwick to Goa each Sunday (8pm) from the end of October to April. Prices start at around £475 a fortnight for a guest house or small botel (no meals) to around £550 a week or £695 a fortnight at the Taj Holiday

Inspirations East is also offering, for just under £495, a return flight to Goa, a night's hotel accommodation on arrival and a 21-day first-class Indrailpass, Also contact the India Tourist Office, 7 Cork Street, London W1. version. Wine is poor, so stick

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Campaign - and Mauritius.

Limited space available in a small group.

Egypt's tourist tow-rope

William Glenton on a Nile cruise

CAIRO MUST be the world'e advertisement for unleaded petrol. Yet from the sound-proofed sanctuary of one of its high-rise hotels, one can gaze longingly down on the main escape route for those who holiday in the Land of Pharaohs for its silent past rather than its raucous pres-

The Nile, which has been Egypt's crop-feeding lifeline for thousands of years, has now become its tourist tow-rope. It was with some frustration, however, that my group of 40 Britons, Americans and Antipodeans viewed the river at Cairo last winter. Drought at its source had lowered the level to a point where it had become unnavigable along its lower half, so we had to fly south to start our cruise.

To fill in a couple of days we toured several of Cairo's ancient sites before taking the two-hour flight to Aswan, clutching paper bags of cold chicken, rolls and fruit. If we wondered why our Swan Hellenic courier had thought them necessary, we found the answer in Egyptair's inflight catering.

It was late when we reached our small craft, the Nile Star, but a hot meal was waiting measure of the attentivene and good service provided thoughout our cruise. There are now far bigger boats cruising the Nile than this, carrying three times our maximum 68 passengers, but I donbt if they are much more comfortable or well attended. Our cabins were neatly compact and all had a private shower. A dining room and lounge-bar made np the rest of the public rooms while the upper deck was given over

to sunbathing. A virtue of the Nile Star is that she is solely chartered by Swan, which creates a more sociable atmosphere. Ten years ago there were only seven cruise boats on the river. Now there are nearly 150, with many more being built. It has led to serious congestion at berths and to delays of several hours waiting to pass through the Nile's three barrages down

river from Aswan. The delays are heightened when cruising is restricted to the upper reaches, as it was in

HOLIDAYS & TRAVEL

our case. More rain in the south can ease this by allowing passage all the way to and from Cairo, but it will be a recurring problem. The many more passengers also add to overcrowding at important sites such as the Valley of the Kings and Karnak, and archaeologists worry that so many visitors will create damage to the precious wall paintings,

inscriptions and statues. After visiting two or three ancient sites a day, I found myself in danger of going into a trance. Sometimes rising at 5 or 6am to reach the temples before the crowds swamped us, we needed stamina and plenty of concentration. Swan Nile tours are aimed at the more serious would-be Egyptologists. although there is no compulsion to join every excursion.

The unexpectedly rich bird life captured my attention. I will recall the Valley of the Queens for the honey buzzards. wheeling overhead and the falcons nesting among the barren cliffs. Bee-eaters added a colourful touch to the Valley of the Kings. Aswan was marked by the egrets covering river-side trees like white washing. And everywhere kites bovered above while kingfishers, herons and storks lined the banks.

■ Information: Swan Hellenic has a brochure covering eix different itineraries on the Nile. It has increased its number of full-length (17-day) cruises for 1990 to eight. These sail between Cairo and Aswan and operate only between May and October. The cost of the I7-day cruise starts at £1,400 per person. Shorter cruises cost from £995.

The company is scheduling its cruises on the Upper Nile from October to April. "We are taking a realistic view of water levels on the Nile," says managing director John Bol-ton, "and announcing a programme which we know we can operate so that we keep faith with the travel trade and our passengers."

Prices include flights, accommodation, meals, excursions, entry fees and gratuities. Swan Hellenic is at 77 New Oxford Street, London WC1A 1PP. Details: tel: 01-831-I515.

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TRAVEL BUSINESS

Bookings suffer a wintry blast

travel industry are more acute: consumers no longer appear willing to be bamboozled into early booking of holidays by special offers which are often superseded by discounts later in the booking season. A return to traditional post-Christmas booking patterns seems inevitable.

Yet it would be wrong to write-off the package holiday market in total: after all, more than 10m package holidays will have been sold this year. The disenchantment, however, comes from consumers becoming much more sophisticated about what they

actually want from a holiday. Increasingly the trend is away from the hassles and cost of hotel accommodation and towards giving greater control to the holidaymaker.

Many feel that the travel trade has rested on its laurels have no reason for committing next year's major expenditure for too long, buoyed up by the consumer boom. The new economic reality may lead to a far more efficient travel industry for the 1990s.

The gloom in the travel trade has not, apparently, detarred Britain's leading retailer – Marks and Spencer - from a serious look at the travel

Marks is understood to be considering the prospects for selling holidays direct to the public through its highly-successful charge card which has more than 2m

The idea is that consumers would book a holiday from any of the leading tour operator brochures and pay for it with their Marks chargecard. Marks, not surprisingly, is keeping its actual intentions

a close secret. But it is likely to have been influenced by

the success of Barclaycard's Holiday Club which this year has sold 108,000 holidays by direct sales, a 10 per cent increase at a time when most others travel companies have experienced a trading downturn.

Barclaycard launched its scheme four years ago, through specialist travel company Page & Moy. Under the Barclaycard scheme, holidaymakers have only to pay their deposit with Barclaycard and can pay the balance when due by any means they choose.

FIRST IS the name of a new travel shop venture by British Airways which has just been opened in London's Regent Street at a cost of £5m. The centre has several new

features: customers receive a pocket electronic bleeper when entering the shop which enables them to browse around a mini-mall of up-market shops without losing their turn to be served. Treble the number of ticket desks means that waiting time should be cut and other facilities include a travel clinic

David Churchill

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GARY KASPAROV and Anatoly Karpov dominate their international chess rivals to such an extent that it is hard to see the Soviet Union's supremacy challenged successfully for many years to come. Recently, Kasparov won the powerful annual Interpolis burg. Netherlands, with an overwhelming score of 12 out of 14. As a result, his FIDE world ranking has reached 2,795 points - 10 above Bobby

his opponents in the 1971 candidates. The Russians have also dominated women's chess for four decades, but matters there have changed decisively with the advent of Hungary's brilliant teenage Polgar sisters, who won the 1988 women's olympics half a point ahead of the USSR. The official world woman champion, Maia Chiburdanidze, has hit a patch of poor form just as the youngest and most talented Polgar, 13year-old Judit, is surging to new age records.

Fischer's previous peak set when the American crushed

This summer at Amsterdam, Judit finished third in the grandmaster group, qualifying for the youngest-ever GM result at men's level, two years younger than Fischer and three younger than Kasparov. Meanwhile, Chib withdrsw from the Moscow Open with a

Chess

Kg?? is a known book mistake compared with 11 . . . h6, and allows White a quickly-decisive attack.

White: J. Fang (US). Black: M. Chiburdanidze (USSR). Grunfeld Defence (Philadel-

phia 1989). 1 d4 Nf6 2 c4 g6 3 Nc3 d5 4 Nf3 Bg7 5 Bg5 Ne4 6 cxd5 Nrg5 7 Nrg5 e6 8 Qd2 exd5 9 Qe3+ Kf8 10 Qf4 Bf6 11 h4 Kg7? 12 e4! dxe4 18 Bc4 Rf8 14 0-0-0 Nd7 I5 Ncxe4 h6 I6 g4!

Here 16 . . . hxg5 17 hxg5 Be7 loses to 18 Rxh7+! Kxh7 19 Qh2+ Kg8 20 Qh6 followed by Qxg6+ and Rhi. 17 Nx171 Nxc4 If 17 . . . Rxf7 18 Bxf7 Kxf7

19 g5 wins quickly. IS Nxd8 Bg5 19 Nxg5i Resigns. Contrast this disaster with the game which Polgar won against a grandmaster around the same time in July at

Amsterdam; her novelty 12 Bh5

(in place of 12 f5 Ne5) leads to a knight sacrice and a victory reminiscent of Mikhail Tal's wins in the 1950s and 1960s. Probably, Black should have tried 13 . . . Bf8. White: J. Polgar (Hungary).

Black: H. Ree (Netherlands). Sicilian Defence (Amsterdam OHRA. 1989).

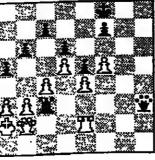
1 e4 c5 2 Nf3 e6 3 d4 cxd4 4 Nxd4 Nf6 5 Nc3 d6 6 Be2 Be7 7 O-O O-O 8 Be3 a6 9 f4 Qc7 10 g4 Re8 1I g5 Nfd7 12 Bh5 g6 13 Bg4 Nc6? 14 Nxe6! fxe6 15 Bxe6+ Kh8 16 Nd5 Qb8 17 Bf7 Rf8 16 Bd4+ Nde5 19 Nxe7 Nxe7 20 fxe5 dxe5 21 Bc5 Kg7 22 Bxe7 Qa7+ 23 Kh1 Bh3 24 Qf3 Resigns. White took 48 minutes on her clock for the

Soviet reaction to the advance of the Polgars has been rather less than ecstatic. Kasparov declared a few months ago that he would be willing to take on all three sisters simultaneously, bracketing them with chess computers as harmless dangers to his title. The Soviet grandmasters who were defeated by Zsofia Polgar in Rome have since been excluded from the internal USSR rating list for failing to notify their results when

they got home. Chiburdanidzs, interviewed at the World Open, said that

Judit "can play like a child and take risks, But . . . she must qualify to challenge the world women's champion." Effectively, Chib is saying that she will meet Polgar in a match only if the Hungarian goes through the ponderous FIDE eliminating cycle of zonals, inter-zonals and candidate matches. But the Polgars have long renounced women-only tournaments. Already, Judit is ranked world No. 1 ahead of Chib, while her reported appearance fee of \$12,000 is at Kasparov levels. Sour grapes,

PROBLEM No. 793 BLACK 9 MEN



WHITE SMEN

Boris Gelfand (USSR) v. Joel Benjamin (US), New York Open 1989. Material is level, but Black's queen and rook have infiltrated the white camp. How did he force a win? Solution Page XXV

Leonard Barden

The refusal of gratitude

Geoffrey Moore on a masterly novella

HIS NEW Bellow comes hot on the heels of A Theft. If two make a precedent it seems to he becoming an established procedure for Saul Bellow to publish his novellas in original paperback form—and one by one. In the present book the story-line is clearer than A Theft. The ingredients are the same, though: the deadpan sense of humour, the command of Yiddish and the skill of a champion water-skier in riding a beantifully-timed conversational style. This style is so flexible that Bellow can slip tifully-timed conversational style. This style is so flexible that Bellow can slip in the occasional high-flown phrase without causing more than a suhliminal blip in the reader's consciousness. For example, the narrator and the anti-bero of the story, Harry Fonstein, join forces the story that the payrator's of the story, Harry Fonstein, join forces in playing chess against the narrator's father. "He easily beat us." tha narrator says, "— listless competitors who had the architectural weight of Sunday on our caryatid heads."

Bellow does not give his narrator a name for, nameless, he is the more believable — an eminence gris — a Jew who has become an honorary which

Director of a powerful Institute which trains the memories of the great and famous. Only the slightly too obvious title for the Institute, Mnemosyne, jerks us back into awareness that the direc-tor's account of Harry Fonstein's dealings with the Broadway producer Billy Rose really is fiction and not the sober narration of something which actually

happeoed.

The story sails pretty close to the wind, because Billy Rose, who died in 1966, was a real enough character: real and powerful enough to reach from the grave and have his relations sue the impertinent anthor. Billy, champion shorthand taker and sometime secretary to Bernard Baruch, writer of "It's Only a Paper Moon" and "Without a Song," subsequently becomes a millionsore, state-author becomes a minimum-aire Broadway producer who chases chorus girls "with his trousers and shorts at his ankles." He was, says the narrator, one of those "insignificant sig-nificant characters, who will be recog-

LOGAN PEARSALL Smith was

almost, but not quite, the first member of that important species, the Anglo-American writer. A Philadelphia Quaker,

he settled in England in 1888, a

dozen years after Henry James

and in the very year T.S.Eliot was born. The idea, which still looks good, was to escape a New York office and study at

Balliol. He already knew some writers. His family friends included Walt Whitman and the brothers William and

Henry James, and his sisters were to marry Bernhard Beren-son and Bertrand Russell,

which almost sounds as if it

After Oxford, which enchan-

ted him, and a time in Paris

where he sat (or stood) for a

Whistler portrait, he gave him-

self up contentedly to a literary life in Sussex and London,

knowing everyone worth

knowing, and died unmarried

in his eighties in 1946, an eter-

nal undergraduate. He must

have been nice to know. But

his writings, always slight,

grew even slighter under revision, and they have not been

World War until recently. Now.

Edward Burman has put

THE BELLAROSA by Saul Bellow Penguin (paperback) £3.50, 102 pages

nised chiefly by showbiz historians."
Not only has he physical defects and propensities carefully noted by his jealous secretary, Deborah Hamet, but also defects of character as well.

ous secretary, Deborah Hamet, but also defects of character as well.

One of them is that, having been instrumental in rescuing Harry Fonstein from jail in Nazi-occupied Italy, Billy Rose — "Bellarosa" in "excitable Italian" — will not accept Fonstein'e Italian" — will not accept Fonstein'e Italian" — will not forgive him. Like a Nazi-hunter in reverse she pursues Billy to Israel where he is about to endow a million-dollar Noguchi sculpture garden. Sorella bas obtained Deborah's clinical file on Billy and attempts to blackmail him with it. All she wants is for him to spend a few minutes with the man he has saved from certain death. Billy refuses. In the process, says Sorella, he made her take him for what he was — "a kinky little tyke finagler." Yet in the end he is the stronger and so husband Harry never does get satisfaction.

The narrator does not see the Fonsteine for Marache and he is the stronger for Marache and he is the stronger for Marache and in the case here.

The narrator does not see the Fon-steins for 30 years and in the end hears that they have been killed in a car accident. The director of the Mnemosaccident. The director of the Mnemos-yne Institute sets down all he remem-hers of the "Fonstein-Billy thing" for "the roots of memory are in feeling." It is a suitable ending for a moving if disturbing story. There are many themes in this book — of gratitude needing to be expressed; of power such as Billy Rose develops, of survival such as Harry Fonstein represents; of the differences between American and European Jews. There is criticism, too, but it is always made with symnathy. but it is always made with sympathy. The Bellarosa Connection goes beyond the cleverness, beyond inventiveness for its own sake. It is Bellow's winter's



Eternal student

LOGAN PEARSALL SMITH: AN ANTHOLOGY edited by Edward Burman

Constable £12.95, 221 pages a single voluma: autobiography, studies in words, aphorisms and scraps of fiction.

The term well-connected might have been invented for Logan; he loved his connec-tions and the good talk and wine that went with them. His success, as he put it, was to eat without being eaten, but then there wasn't so much of him to devour. His style, after imbili-ing a lot of Flaubert in Paris, was whimsically mandarin, untouched by tragedy or pain, and even more than Henry James he exemplifies a view of authorship peculiar to Frenchified Americans, where art is less an enrichment of life than a self-validating task, the artist a priestlike figure tending the flame of the Muses. Paris makes Americans art-crazy.

hedonism. One doesn't write about anything, as the Punch cartoon once put it, one just

It is an aestheticism the Brit-ish find amiable but odd. Vir-ginia Woolf in her diary recalls Logan as well-brushed and bright-eyed, storing quotations from his favourite authors in his waistcoat pockets, like flowers. But, then, the natural pace of his life was authology-making, and he loved hunting manuscripts in country houses. and founding the Society for Pure English with Robert Bridges. He also wrote an attractive history of the English language, and showed Berenson and Bertrand Russell how to write.

The new anthology reads like good talk in print, Logan agreed with Stevenson that the first duty of a man is to speak, a remark which presumes that one belongs, as he did, to the comfortable classes. It is a difficult art, Emerson said. ause one has all mankind for competitors. It is even harder to write down. Pinning good talk onto the printed page, as Boswell did, is trickier

than it looks, and Logan succeeds best here in his autobiography. Unforgotten Years (1938), a forgotten memoir, which is a real find. It is the work of an anecdotist. It tells of Walt Whitman sitting in his untidy room covered with press cuttings about himself, some of them, it was rumoured, written by himself, of cultivating the English aristocracy, and chasing old landed families partly for their manuscripts and partly, it seems clear, for themselves. seems clear, for themselve

Logan's radicalism even at Oxford was self-consciously. mild, and he freely admits that social reformers with no very pronounced dislike for the society of lords. He must have been good over the port and walnuts. Mr Burman, who is not one to fuss, gets his deathdate wrong by a year or two, and might usefully have indexed his selection. But he makes no silly claims for Logan, who, as he knows, was not a great writer, and he deserves thanks for having restored to print a good part of the autobiography of a harmless and engaging man.

George Watson

Green thoughts

labours long and tedlously in labours long and tedlously in Environmentalism and the Future of Progressive Politics to suggest that "environmentalism" is not just a hot political topic but the basis of a new ideology to replace all previous "isms." One can see what the author is driving at, without being at all sure that he knows just what he is trying to estab. ust what he is trying to establish. Overlook the circularity of the arguments, and you are left with a mildly left-wing, mildly frustrated academic who hopes the US Democrats (and equivalents elsewhere) will use Green issues to knock spots off the Reaganite and Thatcherite neo-conservatives.

Perhaps the reader would feel more charitably towards the professor's thesis if the were not so excrudating. He might even forgive the book's outstanding defect, its lack of any serious economic underpinning. I know American academics must publish or perish (Paehike is at Trent University, Toronto), but their publishers should remind them that woolly writing will be taken as a sign of woolly think-ing. Words like "atrophication" and "majoritarian" are real eye-glazers. Here is a specimen: "Carlessness is a meaningful option in well-designed, multi-ple-use urban cores . In contrast, nonurban carlessness is difficult indeed." You can

say that again. Anyone who wants to hear the case for getting the politi-cal establishment to think harder about the connection between wealth and welfare will find it far better set out in E.J. Mishan's The Costs of Economic Growth, written more

than 20 years ago.

The Fragile Environment, on the other hand, is a collection of essays that makes a rather good book. The Darwin College lectures may be a little out of **ENVIRONMENTALISM** AND THE FUTURE OF **PROGRESSIVE** POLITICS

by Robert C. Paehlke Yale U.P. £18.95, 325 pages

THE FRAGILE **ENVIRONMENT: The** Darwin College Lectures edited by Laurie Friday and Ronald Laskey Cambridge U.P. £12.95, 300 pages

date now since they were given in 1987. But I doubt if there are many better short guides the debste. Written by scientists for laymen, the book gives you not only the technical essentials but the perspective of people who really understand the problems and whose advice will influence the answers. It is in an odd way comfor

ing, for example, to learn that our ancestors had been messing up the planet for thousands of years before we began to poison it. Soil erosion due to farming, says Andrew Goudle of Oxford University, may be more to blame for water pollution than modern manufacturing industry. Even the climatic changes about which we worty so much were set in motion 10,000 years ago.

There is an excellent explanation of the climate's chemistry by Professor Bert Bolin of Stockholm and of economists' work on resource management Professor Partha Dasgupta Cambridge, Essays on famine, forests, the diversity of species and on satellite monitoring complete this well-illus trated and sophisticated guide book. It should be bedside reading for any businessman whose company's products are in the public eye at present.

Christian Tyler

Borges and after

THE FABER BOOK OF CONTEMPORARY LATIN AMERICAN SHORT STORIES edited by Nick Caistor Faber & Faber £11.99 188 pages

UNLIKE its counterpart in the

visual arts, Latin American lit-

erature is a recent phenomenon. It may be said to start after the Second World War with Jorge Luis Borges's curious and wonderful "metaphysical" fiction; while by the 1960s writers like Gabriel Garcia Marquez and Mario Vargas Llosa had become widely known outside Latin America.

They helped to pave the way for a younger generation some of whose work, much of it astonishingly talented, is now presented for the first time in English in Nick Caistor's The Faber Book of Contemporary Latin American Short Stories. Caistor has also included work by two veterans: Daniel Moyano (b.1930) from Argentina and Juan Carlos Onetti (b.1908) from Paraguay. With the exception of Isabel Allende (Chile) who shot to fame in 1985 with her first novel The House of Spirits, the other writers included are relatively unknown to the English read-

ing public.
Although the 20 writers:
come from 12 different countries and with different linguistic, historical and cultural traditions, what immediately strikes the reader is the simi larities of outlook and the attitudes they share. The explana-tion of this sense of kinship is not far to seek. Here - and the fact is frequently reiterated -we have a literature of social mmitment, and whether the underlying commitment is political or moral, or whether it is expressed overtly or through metsphor and alle-gory, it remains crucial to the fiction.

The most devasting example in the collection is the Cuban writer Reinaldo Arenas's story, "Goodbye Mother," which cen-tres on the degradation of organic decay; the mother explodes, her body disinte-grates horribly before the der's eyes.

Other stories take wider themes: the journey – a meta-phot of life – "Up, Among the Eagles" by Luisa Valenzuela necessary (we are told on three (Argentina) and also "The Trip" by Maria Luisa Puga separate occasions that a certain house is drab, then its (Mexico); while "The Museum drabness is lovingly described), of Vain Endeavours" by Cristhe new P.D. James is less self indulgent than its unfortunate, tina Peri Rossi (Uruguay) is clearly intended as a contemif best-selling predecessor. porary version of the Sisyphus myth. Only in Joao Ubaldo There is a strong plot this time, a large and variegated Ribeiro's rural tale of an exchange of views among some dramatis personae, an impressive setting. articulate stud-bulls of differ-The many complications of the sction necessitate exteneot racial origins, who share a duty-roster on the same farm, sive explanation at the end, do we have any gleam of and some of the last chapters humour, otherwise strangely tend to have too much "and then he . . . " writing.

The poet detective Adam
Dalgliesh is visiting the Norfolk coast for personal reasons lacking in this valuable collec-

Sanda Miller

The man who did the dirty work

Malcolm Rutherford reviews the memoirs of the politician who never led the Labour party

DENIS HEALEY should have been leader of the Labour Party. Not many people would dissent from that view now: probably not even Michael Foot, who came ahead of him in more than one leadership contest. If Healey had become leader, he might well have become Prime Minister and British politics in the last decade or so could have been rather different.

All that is nowadays almost the conventional wisdom. I used to share it myself. Yet

used to share it myself. Yet after reading the Healey memoirs I am not so sure. It is far from clear that he could have united the Labour Party, or that the Labour Party was in a

mood to be united.

Healey has one great quality not shared by others at the top of the political tree. He is equally at home with intellectuals and the man or woman in tuals and the man or woman in the street. He is also an internationalist who believes in the brotherhood of man. However, with those qualities go defects. It is the people in between for whom he has a certain intolerance. Most people in politics, and indeed in public life, belong to this in between category. Healey never did s great deal to cultivate them, especially in the Labour Party.

There is perhaps another reason why he did not become leader. For five years he was Secretary of State for Defence, and for another five Chancellor of the Exchequer. Those are not the most popular posts

not the most popular posts with the Party. As he writes himself, he was the man who himself, he was the man who had to do the dirty work. If he had been (say) Minister of Housing in the first Wilson Government and done a good job, the Party might have looked on him in a different light But he was not obviously cut out for domestic affairs; ordinary, boring Britain was in some ways too small for him.

some ways too small for him.
The memoirs take a long time to wind up, and sometimes wind down again just as they seem about to take off. They are inordinately long and occasionally exhibitionist. Not all readers will be impressed by his frequent references to the Bilderberg Conferences, an

international grouping of peo-ple with political and financial influence. There is also a ten-dency to make ex-cathedra comments on every person and every subject under the sun. A lot of the book proceeds by anecdotes rather than by argu-

ment or narrative.

In my view, it was a further mistake to try to combine the arts with the politics. The repeated allusions to literature, art and music are distracting others may find them pretentious, possibly incomprehensible. Still, that is Healey the man.

No one would ever accuse him of trying to conceal himself, or THE TIME OF MY LIFE by Denis Healey

Michael Joseph £17.95, 607 pages pretending to be what he is not indeed his memoirs even give something away: Healey admits that several times he

was wrong.

Although never a strong European in the Common Market sense of the term, he does suggest that he came to think that Britain might have done-better by being there in the beginning. When he became Defence Secretary in 1964, he

thought that Britain's role in the Middle and Far East was more useful to world peace than its contribution to Nato in Europe. Britain had more troops East of Suez than in Germany at the time. Healey came to revise his views substantially.

He is also somewhat modest about being Chancellor. He wondered for a while if he was up to the job and admits to being close to demoralisation when Britain called in the IMF in 1976. His chapters on his period at the Treasury do not have the self-confidence or the zest of those on his stewardship at the Ministry of Defence.

The other element of self-donbt concerns why he never pushed for the leadership as bard as he might have done. True, he stood for it in the party elections after Wilson, then Callaghan resigned, but it was never quite the campaign that he could conceivably have toppled Michael Foot as leader before the general election in 1983, but chose not to try.

try.

His avowed instification is that in the end he helped the Labour Party defeat the far left. He dissuaded some of his fellow Labour MPs from joining the breakaway Social Democrats in 1981, though if he had joined or led the breakaway himself, British politics really might have been different. When he defeated Tony Benn for the deputy leadership of the Labour Party in the same year, the far left began its slow decline.

decline.

These are not conventional memoirs. When Healey goes abroad, there is none of the usual stuff about staying with the Ambassador and his charming wife. If the Ambassador was drunk all the time, Healey says so. He reserves his particular scorn for Tony Benn, who is out, and for George Brown, who is dead. A lacuna, which must be deliberate, is that he does not write more about Harold Wilson.

What Healey really needed was an editor, but one imagines that he is not the easiest

nes that he is not the easiest

Heroics in the sky

.AM inclined to give The Battle of Britain a guarded thumbs-up. It is recommended for the detail of its chroniclestyle unfolding of events throughout the battle (July 10 to October 1 1940), and its rec ognition of the complexities of waging any kind of modern

Alongside the heroics in the sky are the heroics on the ground: snpply and mainte-nance, aircraft and component manufacture, the radar network, recruitment and replacement of pilots, and, as important as any of these, the imposition of Fighter Command's will on British strat-

Hough and Richards begin, quits properly, with the history of the RAF itself, from its origins in 1917. More particularly they examine the emphasis placed on air defence, first by Sir Hugh Trenchard in the 1920s, and then, more famously, by Sir Hugh Dowd-ing, who, with critical support from Cyrll Newall, dissuaded Churchill from sending his planes on a suicidal mission to

This was the sine qua non of victory. The Germans, with a fine fighter force of their own, but one that was finally unable to operate effectively at any great distance from base, sought to gain control of the air. Unless they did so, their intended invasion force, assembled to land on the the southeast coast of Britain, would be bombed into oblivion

But Goering had badly underestimated the organisa-tion, morale and technology of his enemy. He was unaware, for example, of the efficacy of British radar systems, enabling the Hurricane and Spitfire squadrons to scramble in time

THE BATTLE OF BRITAIN: THE JUBILEE HISTORY by Richard Hough and Dems Richards John Curtis/ Hodder & Stoughton £16.95, 413 pages

to meet the incoming Dorniers, Stukes and Heinkels, and their

The failure of the Luftwaffe to destroy Fighter Command not only spared Britain: it gave the Third Reich its first tasts of defeat. Yet, as Hough and Richards indicate, the issue was desperately close-run. On a number of days the RAF was down to its last breath, and the combination of another clear day and another concerted German attack would have done

What is demonstrated less forcibly are the reasons for defeat. Although the authors take some stock of the prob-

the Channel; the German side of the sega wants convincing coverage. The crucial period of the battle came at the end of the first week in September, when, partly in retaliation for some British bombs that feil on German civilians, Hitler persuaded Goering to stop bombing airstrips and factories and

lems and distractions across

start bombing London. Yet was this an early exam-ple of fallibility in the German High Command, always the weak component of the Wehrmacht, or were there compel-ling reasons why the Luftwaffe had to change tack?
The Battle of Britain raises

this question, but does not offer enough information to answer if. A "damned, thick, square book" if ever there was one, it succeeds in according the Battle the status of a Trafalgar or a Waterioo, but it does not entirely satisfy a more purely military curlosity.

Justin Wintle

Personal A

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Description

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One man's war

BOWLBY WAS an old boy of Radley, one of the schools that traditionally provided officers for the rifle regiments; but he just didn't want to be an officer and ruined any chances of becoming one by an encounter with a psychiatrist at his selec-

tion board.

So he joined a rifle regiment in the ranks and what we get from this reissued book (first published in 1963) is a look at the Second World War, down there in a dugout, by an intelligent, articulate, bookish man who could see the black com-

DEVICES AND DESIRES

by P D James

Faber & Faber £11.99, 408 pages

(his aunt has left him, besides

a large sum of money, a house

there), so is only unofficially involved, but still manages to

discover one of the murdered

bodies and figure out the secret story behind it.

At times Dalgliesh's aloof superiority, his condescension are hard to take; but thriller-

readers have always liked a

confirmed snob to investigate

William Weaver

the seemy side of things.

Poet-detective

THE RECOLLECTIONS OF RIFLEMAN BOWLBY by Alex Bowlby Leo Cooper £12.95, 229 pages

edy as well as the constant Bowlby's war was in Italy in 1944. His battalion had been stripped of its hard core of reg-

ulars and was being used in an ordinary infantry role. Its activities ranged from actual fighting to cadging goodies from the Yanks and the pleasures of digging a latrine.

The title pages quote the
Duke of Wellington — "all soldiers run away. It does not matter as long as their sup-ports stand firm." Bowlby gets

war exactly right without being over-serious. It is good that as interest in the Second World War is revived, Bowlby should have a second innings.

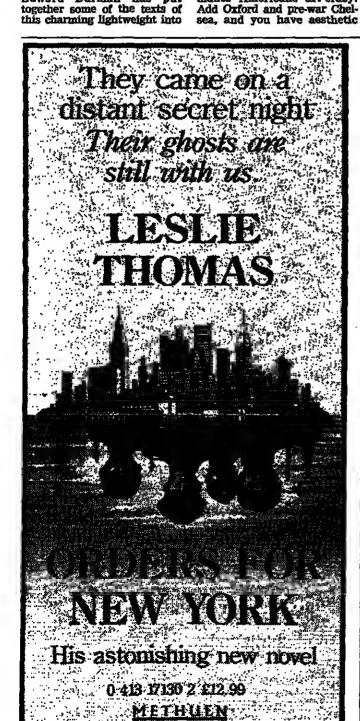
Alan Forrest

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SOUTHWARK IN south east London is centre stage in a star year in the history of the theatre. In the spring archaeologists found the site of the Bose Theatre. On Thursday came the triumphant news that Shakespeare's Globe Theatre had been unearthed Both are overlooked by the Financial Times's new

headquarters on the Thames. What happened yesterday is more of a surprise. The Museum of London team actually stopped digging at the Old Courage Brewery bottling plant, where they have found the Globe, to write up their findings and plan for the next act.

It seems odd to call an interval - even if planned as soon as England's greatest theatre is found, but it is sound archaeology. Time spent now on results means wiser digging in 1990, and a better grasp of what problems that next dig will encounter.

I am sure that there will be another dig and that Chris Patten, the Environment Secretary, will schedule the site as an ancient monument. What problems will archaeologists have in their sights? As any dig is a voyage into the unknown they must

The great globe itself

Shakespeare's theatre has been unearthed. What happens now, asks Gerald Cadogan

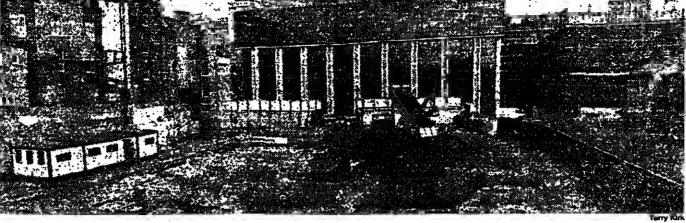
start at what is known.

They have found part of the east edge of the Globe, a curving wall of the same chalk and hrick found at the Rose. Chalk and hrick are also listed in the husiness records of Philip Hensidese, who built the Rose in 1587, altering it in 1592 and running it until he moved to the Fortune in

Beside this curved wall is a tiled floor, with a layer of hazel nuts beneath, resting on another floor. This fits excellently with the history. The Globe was huilt in 1599 (the presumed lower floor) and, after a fire in the roof thatch - caused by cannon fire during the play Benry VIII
- rehuilt in 1614 (the upper floor). Masses of hazel nuts were found at the the Rose. The diggers now know that the theatre runs westwards

under the 1835 Anchor terrace

and probably under Southwark Bridge Road, Hanson, which



owns the site and has funded the dig. also owns Anchor Terrace. Archaeologists look forward to digging in the cellars of the terrace. In the longer run, I foresee a scholarly need, which will

be supported by the rolling tones of actors, to dig below Southwark Bridge Road. What will the Government say? Difficult to tell. What is certain is that if this were France, where the Government did not

hesitate to permit a dig right outside the Louvre, we should be planning now to put Southwark Bridge Road on

Digging at the Rose has told us more about the

Shakespearean stage than three centuries of scholars The Rose is not all dug yet, hut its shape is clearly a polygon. While rehuilding Henslowe enlarged it on the north, setting the stage three

yards back, to make more room in the yard for those who paid to stand and watch the show. Around the yard were galleries, with 11ft 2ins wide bay fronts. Oo the north side was the stage. Capacity was around 2,400.

The Globe was larger, holding 3,000 or more, and probably had 24 sides to its polygon. The first question in a new dig must be to find the stage, and see its shape, size and fittings. Above it we know there was an awning painted with the stars and representing heaven (like ceilings in 16th and 17th century churches). Below was the stage, which was the world. Hence "All the world's a stage." Below that was the pit, which was hell More details have to be

worked out from the evidence of the foundations. They will provide clues as to where the tiring house or dressing room was situated. It would be

interesting to find out how much of a gallery there was for Juliet's balcony And how did the nobles, in apparently the best seats at the back of the stage, manage to see anything of the gallery scenes?

The diggers must look for differences between the Rose and the Globe. We know they exist in the seating, and that might show in the theatre plans. The Players in Hamlet are a far better joke when one sees that Shakespeare was making fun of Marlowe's

troupe across the road. Spanish theatre historian David Castillejo tells us that Spanish and English theatres were similar st that time. The provincial playhouses at Alcala de Hernares (1602) and Almagro (roughly the same time) still exist. The two theatres have pits deep enough for actors to stand upright and work trap doors — and hand up the skull of Yorick. Their stages allow floats to be wheeled on from back stage, called the monte in Spain and possibly the monument in Antony and Cleopatra. And there are two side doors as well as the central doors. Are such details the same in Southwark?

Still time to switch to lighter bulbs

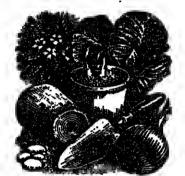
HERE IS still time to plant bulbs - even in my part of south east England – but the ground is still far too hard to plant anything in grass. It with take a heavy mallet and a crowbar to make the necessary holes. However, it is possi-ble to plant in cultivated soil, and that is where some of the bulbs I had put aside for natur-alising have finished up. There is certainly no short-

age of choice in the garden centres and, in addition to the usual run of daffodils, tulips and hyacinths, there are a good many more unusual hulbs

It was the attractive colour picture on a packet of Crocus goulinyi that prompted me to take them; the name itself was completely unfamiliar. A little research revealed that it is an antumn flowering species from Greece described in the Broadleigh Gardens catalogue as "a recent discovery of outstanding horticultural worth." It was all the more surprising to find it pre-packed for garden

I am sure scarcely any purchaser will know anything about it, but I hope the enter-prise of the wholesaler who packed it will he well rewarded, because this is the way to get new plants in the gardens. The picture on my package shows light blue flowers, apparently carried several to a stem, but such cursory accounts as I have found simply describe it as prolific. I hope that in a few weeks I shall be able to provide my

own description. I can do this for two other fairly uncommon hulhs from the same packager. Both are fritillarias, one the beautiful white variety of the snake-



shead fritillary which, in its typical form, has flowers chequered in two shades of purple beautiful bell-shaped hlooms dangling on slender stems in April. The botanical name is Fritillaria meleagris, with Alba added for the white flowered form. It grows wild in some damp meadows in Britain. There is no need to fear that hulbs on sale have been stolen from such meadows, for these are plants that have been in are plants that have open in cultivation for centuries and are freely produced from seed and from offsets. I grow both forms successfully in humps-rich soil and partial shade with no special provision for extra water, but these are not the

plants for hot dry places. The third uncommon hulb I acquired in that particular pre-packed offer was Fritillaria camschatcensis, often called the hlack fritillary, though it is by no means the only kind with flowers of a purple so dark as to appear almost black. It is a much scarcer plant than the snakeshead fritillary and not so easy to grow unless one has the advantage of a rather acid soil containing plenty of peat, leaf mould or other

humus forming materials. All of this makes it even more surprising to find it pre-

packed for the casual, pick-up market. If, pleased hy such impulse purchase, some such emerging enthusiasts do find themselves hooked on fritilor so species and varieties to be found. laries, there are more than 50

Ornamental onions will pro-vide almost as much fun without any of this hassle, except that one or two must be avoided as rampant weeds. For me, the worst of the lot is Allium triquetrum, which produces self-sown seedlings in incredible numbers and lodges them in impossible places from which they can only be removed with Tumbleweed or Weedol. For some other gar-deners it is the shade-loving ramsons, Allium ursinum, that must be avoided and yet others find yellow flowered A. moly a nuisance. The rest offer no such threats.

My favourite is A. christophil, with enormous globular heads of lilac pink flowers. In spite of the size of these extraordinary flower heads, extraordinary flower heads, they are not in the least clumsy since the individual flowers are starry and well spaced out. If, like me, you have grown A. siculum and thought those bell-shaped green and dull maroon flowers anding in loose heads on 3 ft. angling in loose heads on 3 ft stems looked very strange for an onion, you were entirely right. Botanists came to that conclusion some time ago and renamed the plant Nectaros-cordum siculum, hut the gar-den catalogues are only just catching up with this and it is

causing some confusion. Some, including Broadleigh Gardens and Van Tubergen, have also realised that a form of this species named Bulgari-cum is even more handsome since its flower colouring includes white and pink. The bulhs are not expensive and are easy to grow. Perhaps some enterprising wholesaler will pre-pack them with a good col-our picture to attract the impulse huver

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neral gardan debris with eas

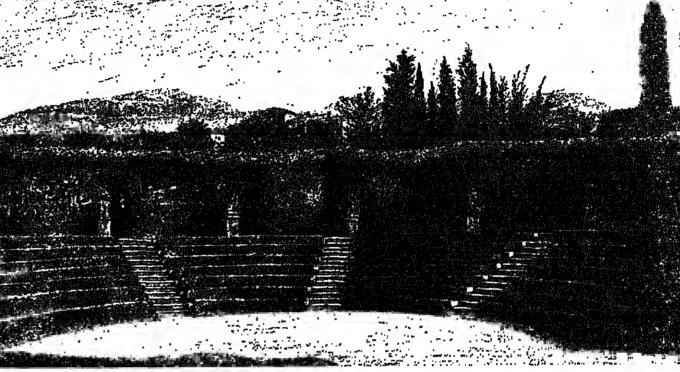
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Old, respectable gardens

Robin Lane Fox and the lure of green 'theatre'

invented in Greco-Roman gar-

dens and were revived in

Renaissance Italy, from where they have spread throughout Europe. The most recent exam-ple which has matured, until I

go mad and build a fragment of

one myself, is in the garden of St Catherines College, Oxford,

where it was laid out in yew hy

its architect, a Dane. At Negrar, the green theatre

is only one part of an extremely instructive plan.

There is an arching avenue of

tall hombeams, some sky-high cypresses and a bosky wood of

dark and mysterious holm

oaks. In between there are for-mal rihhons of hox-edged

there is always some-body, somewhere, who has just finished laying out a garden. The hedges are in place, the roses are looking promising, and then along comes an Alexander or a Hitler, a Great Depression or the awful era of 1914. Events overtake a long-planned corner of the landscape: with them go the hopes and small imagin-ings of gardeners who had thought they were nearing

Usually, the garden plans go too and only their outline survives to evoke old memories among the elder hushes and long grass. However, I have just returned from a rare survivor, a garden of the late 18th century in a part of northern Italy which has never been one of history's hackwaters. At Negrar, near Verona, you can still see neat box-edged bor-ders, arching avenues, long vistas and the little ingenuities which were laid out in the 1790s for the Rizzardi family.

The family is still flourishing in the same villa and its vine-yards have grown even larger through intermarriage. The garden still retains its historical form and the plans, even, survive for parts of it - the most elaborate feature being dated to 1796. In that year, Northern Italy was given up to the Great Powers of Austria and Napoleoo's France.

As it happened, the Rizzardis must have been approving of the plan of their architect, Luigi Trezza, for an enchanting green theatre. The garden and its statuary are very much in

T THE turn of an era place and at the end of an axial vista, the theatre is still flourishing, much as Trezza must have imagined it, although he never bargained for evenings of hard rock music during summer weekends.

I covet these green theatres. Any classicist would find them irresistible. They are semi-cir-cles, preferably hollowed out of the hillside. Neatly-clipped evergreens mark ont their rows of seats and at their best, they have elegant flights of stone steps hetween their green tiers. They look on to a round threshing-floor, or open "orchestra" which can either be of grass or gravel. Behind it, in the best examples, there is a raised stage faced with yet more evergreens, surfaced in gravel and backed by clipped hedges of beech, yew or box which house statues in their niches. At the VIIIa Rizzardi, nobody now sits in the green box-seats: andiences of up to 200 sit in the semi-circular orchestra and attend to speeches, performances or booming rock music from the raised stage.

The oldest surviving green

theatre in Europe lies farther south in the lovely gardens at Marglia near Lucca, where it dates to 1652. There, too, the garden has strong connections with Napoleonic history. There are times when I picture the self-made nobles of that new regime doing nothing hut strut on the stages of the dozens of green theatres which they found, like sleeping beauties, in villas up and down north

Green theatres were

the regular cypresses lead into the bosky wood where even the statues change their mood. Out in the main vistas they are statues of classical gods and heroes and characters from a play hy Sophocles, which I expect was enjoyed by the Rizzardis, who spproved the origi-nal theatre. in the wood the statues become lions and wild hoars, evoking the animals which Romans once kept in genuine zoo-parks beside their villas. In early October an antique lion in stone was looking serenely down on an emerging carpet of cyclamen, as though it was bemused, like its visitors, hy the natural beauty of the wild flowers at

When we lay out gardens, we are less purposive and less inclined to play on these contrasts within the formal plan. Our wild gardens are simply the bits where the mowers run out of energy. At the Villa Rizzardi, admittedly, the boxedged flower beds could do with our English touch. "We like to keep them 'natural like to keep them 'natural style'," one of their residents assured me: like all Italian formal gardens, they are a mud-dle of marigolds and weeds.

Visitors to the villa are usuvisitors to the villa are usually allowed to see around if they ring the hell and ask. Nowadays it is kept up hy the family's other green asset, which can he reached by telephoce on 045-7210028. The Rizard's departs to foreste for its zardi dynasty is famous for its wines, which range from Val-policella to Bardolino, the family's own Villa Rizzardi ("with a fragrance of truffles") to a dry Soave, "the famous white from Verona, where all the trout of the Adige River find a glorious end." It might have been the theatre, and it could well have been the cyclamen, but a glass of their limited Costeggiola struck me as remark-

Rizzardi wines are also grown "natural style" without chemicals or sprays and are imported by alert wine merchants in Britain. Rizzardi vine-workers, meanwhile, keep up the garden's hedges and hornheams.



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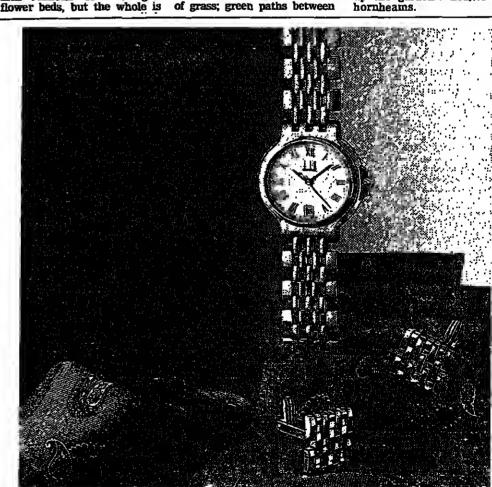
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an object lesson in how to link

features without stringing one

after the other merely in order

Typically, a single long vista cuts right through the garden

plan from a loggia near the house to a terminal statue of

Theseus which stands beyond

the theatre's own open semi-

circle. The great Italian designers were masters of these long

through vistas. Nowadays we

are more short-sighted, per-

haps because we do not begin with an axial plan in mind.

At Negrar, the features also

present a pre-planned contrast

to the senses. Formal flower beds lead out into a wilder area

to show off.

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Lessons in life and cookery, too

Stephen Bayley loses his heart to a combination of teaching, tasting and Italian tradition

"I DON'T measure, I cook." With this declaration both moral and practical, Marcella Hazan establishes her position in high-flown matters of the spirit and in down-to-earth matters of the kitchen.

The gaping audience of six is both enchanted and cerned. There is Willis from San Diego in his laundered and starched pinny. He has not a hair out of place and nor has his boyfriend, a worried-looking decorator from New York. There is a television news reporter from an American network, a Canberra restaurateuse, e graphic designer from London and her husband, me. We are on the top floor of a magnificent old Contarini palazzo in the deserted Cannaregio district of Venice, near the Ghetto, the summer home of Victor and Marcella

This curious group has been brought together hy one thing an interest in Italian cooking, fostered by Hazan's splendidly useable books. It is the very beginning of a six-day "Master Class," and pinnies are being straightened, sleeves rolled and expectations

The canny Hazan is assessing her latest batch through a baze of cigarette smoke. None of us gets off to a good start. Having beard an explanation that freshness is essential in Italian cooking, Willis wants to know "Marcella, can ya freeze pesto?" Marcella freezes him. This unfortunate apprentice, who asks if he will learn how to make focaccia, is told to go to Bologna. Hazan makes clear that she

will not suffer home freezers or pastry cooks gladly. She has e Jack Daniels to hand. The first day there is no lesson. Rather, there is an introduction not only to Hazan's methods and techniques, but also to Venetian food. From the apartment we descend to the street, led by Marcella's husband.

Victor Hazan, author of the magisterial ftalian Wine, is a Sephardic Jew from senatico wbo arrived in Venice via a stint in advertising in Manhattan. In the heat and bustle of the market Victor is cool in hand-made silk trousers. He the vegetables, in flawless,

elegantly accented English To everything be does Victor Hazan hrings a rabbinical intensity and poetry. Thus, he explains, in Venice a drink is not a drink, but an "ombra" (shade), because once the most popular drinks were served in the shady bar beneath the campanile of San Marco. This he explains over an

ombra or two during lunch at one of his favourite restaurants (Osteria da Flore, Calle del Scaleter) where the staff has been warned to accept the Hazans' latest and have prepared 17 courses of fish to educate the newcomers. Thus with the stern briefing, the long haul through the market and lunch turned into a seminar, the pattern for the rest of the week is established.

The second day is the first one one which we get our pinnles dirty, though Willis seems to have brought plenty of spares. By 10am, when we are hidden to the apartment, the Hazans have already

shopped. We sit around the drawing room and are served tachycardic espressso while Marcella explains what is planned for the day - potato gnocchi and liver.

The idea is that the class prepares its own lunch, under guidance, and then eats it. It is a culinary version of having to lie on the beds you have made, but perhaps more embarrassing as there are greater numbers involved.

The Hazan method is not

to teach recipes, hnt to inculcate sensibility and ettitude. Thns it is e far more valuable, rewarding and lasting experience than learning how to julienne a papaya or en cronte something wild that is best left an nature. The method also has

straightforwardness to commend it. Pretension and affectation play no part: if tinned tomatoes will do, tinned tomatoes are done. You may use baking powder, if necessary, "more or less, it doesn't matter. Don't he e chemist." "If you have a pasta machine and you have an enemy, give lt to him." This is total immersion training and our fumbling

hands are trimming the offal

while she explains fegato

Stephen Bayley: hooked on

veneziana: "Real calf has

bright liver. Darker means

older. In Venice the hntchers don't know ebout meat. It

to have lewer problems, use big pieces, not strips." This lecture occurs in the

tiny hat superbly equipped kitchen. It is the sort of place

in which the quality and cleanliness of the equipment

to believe in your own skills.

even if this conceit is at odds

with the evidence of fumbled liver and muffed sardines all

around. At about 11.30 each day, when the lecture and the basic

preparation are over, Victor gathers the class outside on

alone could encourage you

must be very tender. Stew onions a long time. Santé liver in them quickly. If yon want

Italian style

and mysterious from his.

Thus, Valpolicella, if it is from the classico territory, he is convinced takes some of its character from the light reflected off the glazed surface of Lake Garda. This gives the best wines their famed brilliance. Thus, around noon for five marvellous days with a beautiful crystal glass of Galestro, Sassicaia, Greco di Tufo or Tignanello, Victor Hazan explained pecorino, mortadella and the fact that "eel is the pork of the sea." During those same

the terrace. You can just see the dome of San Marco, and the heat makes the air wouble

While Marcella makes e virtue

of street wisdom, Victor prefers book learning.
"Peasant is not a perjorative word when applied to the taste of Italy." is characteristic. His appearance at this point in the street was the day is first

appearance at this point in the structure of the day is first to provide the surly maid with freedom to make good damage recently done to the kitchen

and, more interestingly, to teach us about Italian hreads, prepared meats, cheeses and wines. Each day, one wine is

chosen. This is not an

opportunity for Bacchic

excess, as the single bottle

has to go around seven of us, but as the wine is always

exquisite the moment is one of rare and intense pleasure.

Victor's sensuous cosmopolitanism and respect

for learning and language

inform his every ntterance even about bread and cheese

What would be pompous or

marvellous days Marcella Hazan explained that you only put salt into water for cooking pasta when it is already boiling, that parmesan should never be served with oil-based sances, and that gnocchi should never be made with new potatoes. We learnt no dinner party

we learnt to dinner party
recipes and did not come home
to imitate a single dish, but
we were changed people. I will
never forget how to make
superh tomato sauce — peel
an onlon, open a can, put them
in a sememon with a lot of in a sancepan with a lot of butter. Simmer — "When the fat he float, the sance she is

I will never forget how Victor Hazan taught us to consider wine: assess the volatiles, consider the age, test the secondary aromas; has it depth, brilliance, length? I have always believed in

the importance of the ordinary, of the value of everyday things. Food is both a necessity and a pleasure. Food is like design; for it to be worthwhile the materials must be excellent, the execution skilled and, perhaps most important, the controlling mind must be intelligent. Then something workaday can approach the refinement and significance of art. But that is not to pander to the superficial.
The other thing I will never forget was when Marcella Hazan produced the first fegato alla veneziana. With an aspect not unlike a cowpa but with a more acute therma that ftalian food he don't have to look good. I want to eat,

■ Philippa Davenport is on holiday.

not paint a picture."

JANCIS ROBINSON, the award winning wine and food author and broadcaster, today joins the Weekend FT. She will be writing fortnightly, alternating with our wine correspondent, doyen of Britain's wine writers,

Edmund Penning-Rowsell. The other members of the expanded Weekend FT team are Nicholas Lander, who surveys the restaurant scene every other week, Peter Lewis and Giles MacDonogh, who share the Food For Thought column, and our cookery writer, Philippa Davenport, who will be appearing every

From top left: Peter Lewis, Giles MacDonogh, Nicholas Lander. Bottom, from left: Philippa Davenport, Edmund Penning-Rowsell and Jancis Robinson (who is also Mrs Lander).



A bottle of magic, please

Jancis Robinson finds food for the brain and solace for the soul

posturing from a less well-stocked mind is beguiling HE MOST recent comprehensive analysis of British drinking habits reveals that, of the thundering majority of adults who have the means and inclination to drink alco-bol in some Iorm, about 70 per cent of them now drink wine. What f can't understand is why that proportion isn't 100 per cent. Are there still people in the world who haven't been told that wine and elitism parted company back in the early '70s? Wine is now a game anyone can, and does, play (and, in my experience, the grander the genes, the poorer

the cellar). It could be that we wine writers are at fault. Sometimes too preoccupied with This Week's Best Buys or a disquisi-tion on malo-lactic fermentation, we forget to shout loud, clear and often the really important fact that wine has never been so good and, at the crucial bottom end at least,

such good value. In real terms, even taking into account the inflationary effect of thousands of Britons plunging into the fine wine market for the first time with the 1982 vintage, the average price paid per centilitre of wine in Britain has actually fallen, by 2.5 per cent since 1980.** More important, the exciting

wine made today is likely to be streets ahead of its counterpart made by any previous genera-tion. This is true at all the way np to grand cru level, but the before and after story is partic-ularly impressive in the lower reaches, even the great mass of wines that retail in Britain for £3 e bottle and less.

Even as recently as the late 70s, this was a disgraceful category, dominated by lack-lustre assemblages blended in hulk to a formula with callous disregard for wine's magical ability to convey the flavour of a place and a grape. They smelt as though they were made in the stinks lab and, in

effect, they were.

In the old days, the best that could be said about a cheap wine was usually that it smelt clean. Today, inexpensive wines are made all over the could of France Italy Spein south of France, Italy, Spain, Bulgaria, Australia, New Zealand, South and North America that are not only correct techflavour to boot (and the overdne German wine revolution is

fast seeping down that price hierarchy, too). So, what has inspired such a rapid conversion to the god of good old-Iashioned quality?
The Californians and Australians (particularly Australians) would say it was because competition from the New World has shaken the Old World out of its letherws. of its lethargy. Professor Emile Peynaud of Bordeaux would say it is because he and his many disciples bave heen many disciples have need spreading the gospel of modern wine-making — such as fruit cossetting, temperature control, fastidious cellar hygiene, and appropriate investment in, worlds both old and new.

I would say that things have improved because they had to. The passing of the lunch-time litre as a common phenomenon is designed to be drunk with food. Because solid (and partic-ularly fatty) matter slows the absorption of alcohol, wine is the obvious choice for human-

the obvious choice for humanity's fastest-growing sub-group, the health-conscious consumer. But there is more, much more than mere cirrhosis limitation. Drinking wine and (often inevitably) eating are inescapably social activities. Wine comes in bottles, wine comes in bottles, are not single-serve sizes. Nor are they, like spirits bottles, containers designed to be emptied over the long term. Pulling a over the long term. Pulling a cork is a sociable activity, one that almost always involves sharing and, in my experience, the realisation that the world is a markedly jollier place than it seemed before.

Then there is the fact that

drink, even if I was simply try-ing to demystify it. Wine is mysterious. It has magical qualities. It is extraordinary that the juice of a single fruit can be fermented into liquids that are as stimulatingly dissimilar as Asti Spumante and Chateau Ausone, Corton-Char-lemagne and Cockburn.

One of the more absorbing activities associated with this wide range of qualities and styles of wine is choosing the bottle to match the food, mood and company, f just can't imag-ine even Michael Jackson (the one who writes about beer, not the one who etruts about Pepsi) deliberating as long and as lovingly over his cache of ales and lagers every evening as f do over my short-term cellar. (Get on with it, both he and you may be saying; but, for me, this agonising is an

all-important part of the fore-

play.)
My chosen stimulant is also one of the very few things we buy that is capable of changing for the better. Wine's thumb-

can take years, often decades

about a wine is essentially undiscussable.

To me, the single most important aspect of a wine is the inter-action between it and my senses. The single most important aspect of a wine to other people chould be the inter-action between it and their senses (and to pot with the course of the thirty). But what anyone else thinks). But it is quite impossible for us to compare these inter-actions. Although we all may hear sounds differently, we can at least reach for the tuning fork and decibel counter in order to communicate. We may never know what other people see as "red" but we can all point to that part of the spectrum. There is no such objective

standard for what we taste, which is why we wine enthusi-asts sound so foolish when we try to discuss the liquids in our glasses. Wine a trick ~ indeed, wine's point — is to keep on surprising and enveloping the senses while (apparently, and that's what matters) stimulat-ing the brain.

Understandably, eclentists are impatient with the woelliness of wine speak and have been busy trying to formulate a more precise language, using such techniques as phials of essences devised in Burgundy and a neat but unconvincing ple-chart that groups those University of California: f can quite see why they need a lab language, but I must say that the non-scientist bit of me sniggers secretly at wine's refusal to be called to order in this respect, as in so many others. To me, a major part of wine's fascination is its unpredictability, its elusive nature, its stub-born refusal to be corralled into Science from the less restrictive pastures of Art. We all know when we've got a great, even e good, wine in our glass hnt no scientist can write a formula that will describe a great wine, let alone a recipe that will produce one. The day someone manages it, f might turn to something with more magic to it. Market research,

Drink in the UK. 1989 Edi-

'A clear signal that wine is the one true drink of the age is its reassuringly wholemeal nature, so much in tune with our green times

make food taste better and

(the right) wine really does

in southern Europe has shifted the balance of power in the world's wine market so that the quality-conscious consumer (that's you and me) is now king and, increasingly, ducers that we are no longer interested in drinking rubbish. To survive, they have had to pull up their socks - fast.

Many New World producers were already producing fault-free wines, and their job is now perhaps more difficult to plant the right vines in the right places. Much of the Old World has had its roots where they should be for several genera-tions but has had, literally, to clean up its act. So, there is one objective and dispassionate reason why now is the time for anyone who decided that they didn't like the taste of wine when they first tried it, any-thing from five to 50 years ago.

to try it again. But the arguments favouring drinks that f find most convincing are more emotional and by no means tired. There is no denying (although an extraordinary number of wine fanatics try) that one of wine's charms is its active ingredient; but it is so much more than ethyl alcohol. For a start, wine

vice-versa. The wine eschewing . 30 per cent may have come but they must have failed to persuade their sense of taste, acknowledge it. Soft drinks tend to be sweet and distort what is on the plate. Spirits tend to be just too strong to drink in the quantity needed unless diluted with a mixer. usnally sweet. (Oh come on, you must eat something other than haggis and bashed ne ps, you whisky-and-water drinkers.) And while beer can be delicious with food, there just isn't the range of flavours and textures available to the

Another clear signal that wine is the one true drink of the age is its reasuringly who-lemeal nature, so much in tune with our green time with our green times. Few other products on the super-market abelf can be identified directly with the very person who planted the vine that yielded the fruit that. . . etc. Wine is the antithesis of processed food.

The more I learn about wine, the more I learn I was quite wrong when, in the '70s, I started preaching that wine is really a very straightforward

and even centuries in some cases, to develop. Like more solid works of art, such rarefied bottles put us in direct physical contact with previous generations; yet, wine is, in many senses, a living thing. In each glass is not only history but geography, too, shades and nuances of flavour that betray its origins so that wine can offer not only the sensual stimulation obvious to anyone

their sense of taste but intellectual pleasure as well. Now, where have I smelt that whiff of hurnt toast before . . ? Wine defines the practice of connoisseurship.
Yes, you will have gathered I think wine is a wonderful thing, food for the brain as well as solace for the soul. But I must end honestly with a

confession. Even after about 13

years earning a living writing

and hroadcasting about it, I

don't think wine makes much

of a subject for discussion,

because what is important

who can be bothered to use

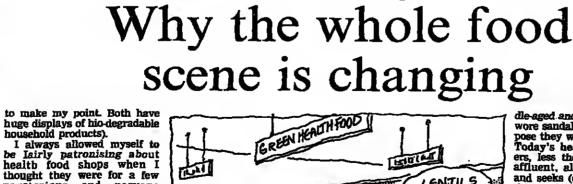
*Drink in the UK, 1989 Edition — An Analysis of Alcoholic Drinks Markets and Distribution, ed. Lloyd Chiloers, The Economist Intelligence Unit, £350. **Calculation based on statistics in The Drink Packet Book 1988, NTC Publications Ltd. Henley on Thomas \$11.50 Ltd, Henley-on-Thames, £11.50.

OW OFTEN do you haunt your local health food shop? And, if so, what does it mean I pose these questions out of

genuine bafflement. I know that the concern for healthy food, although reported widely in newspapers and magazines, is a minority sport. My local shopping area round the Baker Street area of central London contains two unambiguone health food stores, in one of which I am found quite often hut hardly ever in the other. Wholefoods is a sort of pio-neer in the field. It has been

neer in the field. It has been going for decades, selling something like the same mix of wholebread and flour, organic fruit and vegetables. It has e butchery offshoot a few doors down selling organically-reared meat. This butcher's shop might be offensive to many of Wholefood's traditional herbivorous customers but its meat, although by no means cheap,

Down the street is Holland and Barratt, which could be reproduced in any town centre from Milton Keynes to Cheltenham. It, too, is a bealth food ebop but its shelves are, on the whole, stocked rather differently. There is less emphasis on mud-caked organic turnips and more on gleaming packets of multi-vitamins with zinc and magazines about aerobics. (I am exaggerating the difference between these two ebons to try



Food for Thought

I always allowed myself to be Iairly patronising about health food shops when I thought they were for a few vegetarians and nervone women. Now, things ere changed; people who do not grah at green issues in the political sphere are inclined increasingly to see it as a matter of good house keeping to huy natural products and keep an eye on their vitamin intake. I am open to correction, but I believe it began with someone called Gaylord Hauser. Back in the '40s and '50s, be cam-paigned very bard for a short list of foods which he saw as

in those days, when decent food was beginning to be evailable again after the war, his selection seemed eccentric, not to say barmy: wheat-germ, yoghurt, hlackstrap molasses. Even as meet and butter appeared egain in the sbops after the long night of ration-

healthy and necessary for sur-



ing. these were exotic. unheard-of things. Since then, though, bealth foods bave grown enough to attract major retail investors.

As a whole, though, the trend in food retailing has been towards comprehensiveness and one-stop shopping. So, apart from that occasional need for multi-vitamins with zinc, when does one go to the health food shop as opposed to taking pot luck at the super-

There was a time - in my life, et any rate - when whole-meal bread was the draw; but you can get it absolutely every-where now. My locals both have a fine, varied and comprehensive display of muesli; but so do Sainshury's, Tesco and Waitrose. Fortunately for the health food shops they appear to have their own clientele. Wbolefoods, in its earlier days, seemed to be haunted by people who wouldn't dream of sbopping anywhere else. Mid-

dle-aged and Hampsteady, they wore sandals with socks; f suppose they were all vegetarians. Today's health food consumers, less thoughtful and more affluent, also eats junk food and seeks (expensively) to put things right by an occasio dietary supplement to go with a epot of violent exercise.

I am all in favour of health food shops; I would have them available and open and making

money on every hand. But they shouldn't be places where you go to buy zinc tablets and a packet of muesli and a magazine telling you to eat less.

We have to face up to the problems of fish oil and of garlic. Both these things are very good for you and, in the present state of the art, thought to be good for the cardio-vascular system. So, eat ofly fish and eat garlic. But some people find both these things extremely unattractive, smelly and indigestible. Instead of a dish of grilled mackerel with plenty of garlic on the side, they would prefer two capsules, one of fish liquids and

the other of garlic extract.

The grilled mackerel with garlic on the side was meant to be lunch but the two capsules won't do for that, so down they go on top of two tuna sandwiches or a pizza or a plate of lasagne. If we keep eating and nutrition in two separate com-partments, we may spend a lot of money – and get fat, too. Have you noticed that televi-

sion commercials for multi-vitamins concentrate on the very young, the pregnant and the old? Government wisdom is thet only these three groups can derive any benefit from additional vitamins, so selling them to anyone else involves a waste of time and money. However, it seems they don't do you any harm so, while the purchase might be wasteful, it is not actually damaging. Health food shops are the pharmacies of alternative med-

cine, and a lot of the stuff on their shelves has that sort of look about it. But with supermarkets doing their bit with healthy vegetables, and the quasi-medical products avail-able at the chemist, what ground will health food shops occupy? There are some things that are hard-core health food business: say, kelp or confectionery made with carob instead of chocolate. However bad chocolate might be for me, though, I would rather stop altogether than place my trust in this strange substitute.

Peter Lewis

The BBC, the LSO, the RPO..

now the DHSS.

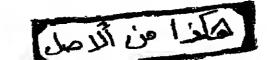
in orchestras both large and small, Social Security hardly seems a fit reward for a musician. A diary that was once full may now record only the regular trip to collect

With no wage coming in and little pension to fall back on, life can seem desperate...

But you can break the pattern. A donation to the Musicians Benevolent Fund allows us to help those musicians whose careers are no longer on the up and up. Or. even better, why not remember the Fund in your Will? in that way your love of music can live on for others to enjoy.

PLEASE SEND A DONATION, LARGE OR SMAUL, TO: MUSICIANS BENEVOLENT FUND SIR IAN HUNTER, CHAIRMAN.

16 OGLE STREET, LONDON WIP 7LG.



When to make do, and when to mend

The second part of Michael Field's article on buying and restoring Georgian furniture

WAS looking at a George I wing chair with my restorer, Christopher Cooke. Its upholstery had been removed and it stood as an empty frame. The legs were battered and one was stained with ink. The rails were heavily worm-eaten, while the the back and arms had been pierced by generations of upholsterers nails.

"There must be something

विशेष्ट्रीयपूर्विकास्य वर्षेतुः । तुः सार्वे । स्टाप्त । १००० - २००० -

"There must be something wrong with it," said Cooke, a commercial gleam in his eye. He was not looking for the ohvious worm damage but some earlier restoration or alteration — the point being that very little Georgian furni-ture survived the last 200 or 300 years without suffering a small domestic disaster. Any-thing that appears intact, therefore, is automatically suspect.(Worm holes on their own are no evidence of age, because a cleverly faked piece will have

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been made of old wood.)
We aventually decided that
the top section of the chair's
frame had been replaced. On other pieces of furniture, one finds splicing — particularly in cabriole legs — new chair rafls, replaced "ears" at the tops of chair and table legs, and small restored patches of veneer.

Minor repairs of this type are acceptable, provided there are not too many of them. When examining furniture one looks for them – partly for reassurance that a piece is authentic. Auction rooms allow you to tear the hessian off the undersides of chair seats to look for restorations and check that the finish is authentically rough. The undersides of Victorian and later copies are smoothly planed or have the regular saw marks of a band saw, rather than the irregular marks of the hand saws used in the 18th

Definitions of what are unacceptable repairs vary. In my view thay include large patches of veneer, replaced legs (unless one is talking of just one or two legs in a set of dining room chairs) and chairs which have had the tops of their original legs cut off for Pieces bought at auction

usually need restoration - or the existing repairs have to be re-done. There is far greater emphasis on accurate restoration now than there was, say, 30 years ago. Given the price Georgian furniture fetches, it is reasonable to spend the money to match wood pre-cisely or preserve bits of rails. There are artistic-cum-ethi-

cal questions with the preservation of old wood. Normally, I have done whatever is necessary for the piece to serve its purposa, while spending (within reason) whatever is needed to keep old wood, even where it may not be visible, and avoiding repeirs to minor hits of non-structural damage where the only purpose of restoration would be to make the piece look amarter.

A typical dilemma concerns the plinth of a breakfront book-case, which has been cut down by about an inch — presum-ably because the bottom rotted on a damp floor some time in the 19th century. The question is whether to remove what remains of the plinth and make a new one in the correct pro-portions — restoring the origi-nal appearance of the bookcase - or leave the piece as it is, preserving some original wood and accepting the damage as a natural part of the ageing

Another question I debated with Christopher Cooke con-cerned a split in the top of a cerned a spart in the top of a Chinese Chippendale card table. I eventually decided that the flaw was too serious to hid for the piece. One possibility was to fill the split with small slivers of wood, but these would always be visible however well they were metabed. ever well they were matched with the veneer. The other option was to cut a sixth of an inch slice out of the whole table top — possible because the split ran in a more or less straight line - and regime the two parts. The result would have been far less visible but, quite apart from the expense, I think I would have baulked at the unnecessary damage to the

It is essential to keep the patination on well-cared-for furniture. Patination is the variation in colour which makes old wood more beautiful than new and is an accumulation of polish, dust, little stains, the effect of rubbing, grease from fingers, sunlight and the oxidisation of the wood, which seals the process and fills in the grain.



and the chancy nature of auc

Even in this sense, furniture will not "perform" without

care. This means it must be

polished every few months with beeswax from a tin - not

artificial wax sprays or creams

Sprays deposit a film which becomes sticky and opaque,

masking the patina. They also

seal the wood, stopping it breathing and making it liable

investment.

Some patina is in the surface of the wood; more is in a layer of polish on top. This can mean keeping unattractive stains and scratches on a piece because removing them — at least entirely — would also remove part of the surface. There is much furniture in antique shops that has been over-cleaned, presumably to enhance its arreal to incorporate enhance its appeal to inexperi-enced buyers and the Ameri-can market. You may as well buy reproductions.

nowledgeable restor-ers of Georgian fur-niture have definite ideas on what repairs to make. The same goes for carvers, gilders, upholster-ers and materials' suppliers. The names of people I have used - and recommend - are listed below. All are expensive and most of the work they do is for dealers - they find private clients often want "the wrong thing" or do not know what they want at all. Anyone who uses them should be prepared to take their advice.
As Robins, the uphoisterer,

once said to me with a kindly smile when I was questioning the spacing of French nails round the bottom of a chair: To tell you the truth, Mr Field, most people leave it up to me.

The owners of Claremont, Donald Smart and Richard Jeffree, who deal only in silk and specialist fabrics, once told me that my first idea for a chair covering was "quite impossible," and that my second "would look tarty." They then gave me a variety of appropriate samples from which to chose. Smart and Jeffree supply only through upholsterers and do not tell private buyers the prices of their materials. This reflects their view that price should be the least important factor in the choice—coming after the character of to crack. Dry rooms, caused by over-warm central heating and sudden changes in tempera-ture, also make cracking more The sad comment of Christo-

pher Claxton Stevens, a part-ner in the dealer, Norman Adams, is that too many peo-ple who have acquired Georgian furniture recently — both individuals and companies fur-nishing thair boardrooms coming after the character of the chair itself and the colours in the room. For the record, however, the approximate wholesale price of silk damask have been "slaves to their inte-rior designers." They have bought furniture, without knowing how to look after it or is £50 a metre and of silk velvet even knowing much about it, because they have been per-suaded that it is the smart thing to do and inevitably a good investment. Buying furniture with which to live, as opposed to huying the best bargain at an auction, will not yield a quick profit if it is well restored and uphol-stered. The cost of both buying

good investment.

In reality, furniture that deteriorates is a poor investment, and unless the investor is prepared to put a little passion and learning into the subject, he would do better to put his money elsewhere. and selling through auction houses is increased by a 10 per cent premium/commission on which VAT is charged. This tions makes furniture an unreliable investment over a period of less than four years. Over longer periods, profits are more M Addresses: Restorer; Chris-

topher Cooke, 3 Taybridge House, Taybridge Road, Lon-don SW11; Carver; Paul Fergulikely, but the amateur buyer would still do better to think of furniture as a good holder of value rather than as a proper Road, West Norwood, London SE21; Upholsterer; R.D. Robins, 1-9 Tennyson Road, Wimbledon, London SW19; Materials; Donald Smart and Richard Jeffree, Claremont Furnishing Fabrics, 12 Kingley Street, London W1; Adviser/agent for buying furniture; Jill Hunter, 5 Regency Terrace, Elm Place, London SW7.

Why it pays to be green

LIKE Rip van Winkle, the campaigns tooth-and-nail, pro-husiness brain has woken np testing that they have no with a jolt to a world "gone green." When Marketing magazine ran a word-search through its database of newspapers and magazines a conple of weeks ago, it found that while they used the word "green" 3,617 times in June 1984, five years later the number of mentions had riseo to 30,777. The term "anvironmentally frieodly," used just once in June 1985, is now cropping up at least 30

now cropping up at least 30 times a day.

At a time wheo 4m Britons belong to "green" organisations of one sort or another, and more than 2m voted for the Green Party in the European elections, husiness could hardly ignore the changes ow taking place. But there is another trend which is ensuring that husiness takes the ing that business takes the environmental challenge very seriously indeed.

When we began researching The Green Consumer Guide, we had a sense that a wave was a-building, but there was no way of assessing how hig it would be, or when it would break. In the event, the Guide's success has been just one more sign of the times: it has sold more than 250,000 copies in the UK and spect nine months in the Top Ten best-seller list. The Guide caught the wave and helped to focus its

energy, particularly on High Street retailers. Now public opinion and market research surveys show conclusively that the "green consumer" has arrived — and is increasingly active. A Mintel survey in June reported that 27 per cent of reported that 27 per cent or adult Britons now say they are prepared to pay np to 25 per cent more for "environment-friendly" products, including mercury-free batteries, toilat rolls made from recycled paper, unbleached paper tow-els, phosphate-free detergents and organic moduce. and organic produce.

Even more coovincing was a MORI poll several weeks later which calculated that the number of consumers who had already chosen between prod-ucts on the basis of their envi-ronmental performance had more than doubled in less than a year - from 19 per cent to 42 per cent. "It is clear that the green consumer is on the warpath," as junior Environment Minister Virginia Bottomley pnt it last month. And the wave continues to build.

Inevitably, since things have been moving so fast, we are seeing elements of a "green hacklash," with the press eager to find examples - and there are a fair number to find - of son, Unit 20, 21 Wren Street, are a fair number to find — of London WC1; Gilder; Glen firms leaping on the band-wagon in an ill-considered way. The need for a Government-led environmental labelling scheme has never been more clear. The Departments of the Environment and Trade and Industry are now looking at the options.

Not surprisingly, however, some "deep Greens" say that the impact of green consumer-ism is simply to provoke retailers into a frenzy of greenerthan-thon advertising, which runs the risk of leaving the retailers blind to - or deliberately ignoring - some of the changes that are going on behind the scenes.

What, in effect, has hap-pened is that the conventional style of environmental campaigning against industry has been stood on its head. Typi-cally, environmentalists lobby regulators, who then draft new laws and impose tighter stan-dards on manufacturers. Manufacturers have fought such testing that they have no option hut to pass on the costs, and that retailers and consumers "won't pay for it."

Today, in contrast, it is the green consumer who is putting pressure oo the retailer. As a result, in what we have dubbed the "green consumer chain reaction." the supermarkets are vying to hecome "greeo purchasers," and are putting intense pressure on their suppliers - hoth manufacturers

pliers — hoth manufacturers and growers — to produce and sell environment-frieodly products. And this is pressure that suppliers find it almost impossible to resist.

Companies that have got ahead of the trend have done spectacularly well. Ecover, whose "environment-frieodly" detergents were not even stocked by supermarkets before last year's Green Consumer Week, has seen the value of its business grow from £2m to around £10m in short order. Varta, the battery manofacturer, saw its share of grofacturer, saw its share of grocery sales of hatteries grow from less than 2 per cent to



more than 13 per cent when it was first into the UK with mer-cury-free batteries.

With a number of the major supermarket chains now well on the way to becoming green purchasers, manufacturers are having to completely rethink their positions. Many are embarking on "environmental audits" to ensure that when they begin to promote a prod-uct on the basis of its govironmental performance, they are not tripped up when someone finds that they have an unsus-pected Achilles heel.

No one imagines that green consumerism is going to save the world on its own. Even with more than 100 European Community Directives already in place, and nearly 50 more in the pipeline, we still need more legislation — and much more rigorous enforcement of the laws we already have. Some companies will need to be closed, and a fair number of processes, ingredients and products will need to be out-

Despite this, the green con-sumer trend looks set to run and run. With the opening up of the Single European Market from 1992, the next question is how we get the message across to 320m European consumers. Consumer spending, valued at \$2,800bn in 1983, is expected to hit \$4,390m across the European Community by 1993. Greening even \$100bn of that may ooce have seemed an impossible task, but the experience of the last twelve mooths suggests that it is now well within range.

John Elkington

John Elkington is co-author of The Green Capitalists and The Green Consumer's Supermarkets Shopping Guide.

Eureka

New dawn of the video age

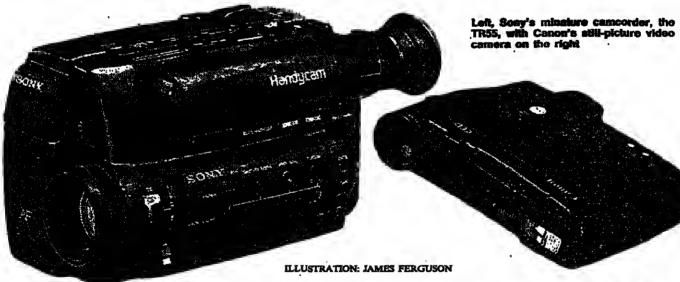
Christopher Cooks restoring a writing table in his workshop

RADITIONAL cam-eras are dead. Long live video. This is the hattle-cry of Japanese makers such as Sony and Canon who see no future for snapshot photography, where the image is recorded on film that has to be processed in a laboratory. They want to replace the system with video pictures, where the images are stored electronically. But Sony and Canon dieagrea on whether these pictures should be still or moving. And neither has given much thought to grandma and how she will view family snaps in tha

Last month, Sony launched the world's smallest homevideo camera and recordar (camcorder) in the UK. This week, Canon: introduced a video camera that takes only still pictures. The Canon con-traption costs around £500, at least twice the price of a fullyfeatured 35mm conventional camera. Sony's surprisingly small camcorder, the TR55, costs about £1,000. The future

After the phenomenal success of its Walkman personal stereo, Sony has been trying to concertina its camcorder technology into a package small enough to carry around easily. The TR55 is its answer. And compared with the first homevideo cameras that came in two parts (a camera connected by wire to a large recorder), the TR55 is a marvel of miniat-

Early video-camera ontfits were so heavy and bulky that carrying one around on holi-day was like yomping with the Royal Marines. The TR55 is



designed for wimps. It weighs around two pounds and fits happily into your hand. It has automatic focus, a good soom lens, and many of the features found on much bigger camcorders such as aperture control and the ability to view recent material through the view-finder. But the best feature of the TR55 is its portability. You can carry it around in a hand-beg or dangle it from your belt. The TR55's portability has

convinced the ever-optimistic Sony that people will give up snaps in favour of the home video. Why, asks Sony, taka still pictures when you can have your subjects moving in near-perfect technicolour? The video process is also instant: point the camera, shoot the scene, rewind the tape, plug the camera into the back of a television set and there's the

But those clever Sony people have forgotten about the importance of grandma. She might have a television set, but she will need expensive equipment to view the video. Sony's 8mm tapes play only on equip-ment designed for this standard - such as the camsra itself. This means that if you go for movies rather than an Instamatic, grandma will have to have equipment similar to

cally on magnetic tape. yours. And that is costly There are, of course, many potential buyers with no There is no doubt that elec-tronics eventually will replace grandmothers and little need conventional chemical-based to send their pictures any-where. More than 50,000 of the photography because video offers tremendous benefits. Pic-TR55s were sold in the first few tures are virtually instant and weeks of the camera's launch in Japan. And there should be can be sent anywhere in the world over the telephone. The enough huyers in Europe to Canon disk is not light-sensitive and can be loaded under any conditions. The camera's keep Sony's cash flowing long enough for it to reduce prices, Canon, which also sells Sony-type video cameras, sees microchip intelligence reduces the number of common mistakes made by snappers.
These benefits obviously are a great future in still photography. It prodoces a range of popular conventional cameras but wants to make the process

of taking snaps even easier. That is why it has developed

This device is a smooth,

a slot on the side of the cam-

era. The images are stored on the disk in much the same way

on a floppy disk. Up to 50 pic-

tures can be stored and the disk is re-usable. Once the pho-

tographs have been taken, the

camera is plugged into a televi-

sion set and the pictures can

be viewed. No chemical pro-

cessing is necessary because

the snaps are stored electroni-

its still-video camera.

useful to professionals and business people. But they are not really that interesting to the majority of us. The cost is too high and you don't get a snapshot to stick in an enve-lope to grandma. Still-video cameras can be linked to spehand-held box with a lens and electronics encased in a sleek cabinet. Instead of inserting a cial printers that will reprocartridge of Kodak, you stick a duce the image on paper. But small, computer-like disk into the printers are expensive, available only in Japan and, at present, fail to deliver the same picture quality as that as a computer files information

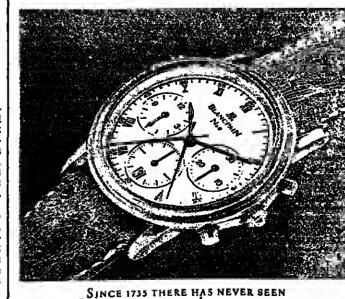
offered by the local chemist. Canon's still-video camera to be called the lon in the UK - probably will find buyers among those people who insist on owning the latest technology. But both its price and the technology's limitations will have to be reduced before it stands any chance of replacing

conventional cameras. Sony's TR55 is set for suc-cess, not because people will throw away their snapshot cameras but because it contains all the essential features needed to make home videos. You are paying extra for its portability, but it still costs ess than many camcorders bought only a year ago. Sony and its main competi-

tors, such as JVC and Philips, have cut prices on all camcor-ders, some of which start at around £600. Other makers offer even better deals but the cheapest camcorder, such as Amstrad's Videomatic at £499, does not have a play-back facility in the camera. This means the tape has to be played on a separate video recorder, which makes it difficult to edit home movies or make copies. Electrical retailers have been

hit hard by the effect of interest rate rises on people's buying habits, and there have been few exciting new products to follow compact discs. This is why manufacturers and stores predict big sales for camcor-ders this Christmas. But although there are a lot of video bargains in the shops. the TR55 and Canon's Ion are not among them.

Peter Knight



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The dangers behind de-accession

As Getty and Mellon sell to finance other purchases, Antony Thorncroft discusses the British attitude

HE GETTY Museum in Malibn California is the best endowed with an annual income well in excess of \$100m, thanks to the last will and testament of its oil rich founder, John Paul, Senior. Around half this sum is available to buy works of art, yet so great has been the recent inflation in the price of artistic masterpieces that the Getty has found itself, not exactly stretched but slightly

discomfitted, cash wise.

It has been on a buying binge and the acquisition of a Dosso Dossi, a Renoir and the Pontormo portrait of e Medici Duke (the latter alone costing that the Christic's) has over \$35m at Christie's), has more than consumed its \$50m and set a few financial alarm bells ringing. So the Getty is selling pictures to raise funds and on November 28 in London this dispersion of 15 paintings. it is disposing of 15 paintings, including a £5m Gauguin, as well as works by Bonnard, Degas end Monet, which should make it £12m richer. The pictures were purchased

personally by Getty, mainly to furnish his Surrey home. The curators of his Museum feel thet they lack the art historical glow that would make them museum pictures: hence the decision to sell. The money will go towards plugging a gap in the collection with an undis-puted masterplece or e signifi-cant work in the development of painting. On November 17th at Chris-

tie's in London Mr Paul Mellon, through his personal museum, the Yale Center for British Art, is disposing of 27 British pictures by artists already well represented in the collection including works by collection, including works by Stubbs, Turner, and Zoffany. which should create a \$40m kitty to buy British art of the 20th century, where Yale is currently weak.

These auctions come hard on the heels of a series of museum sales in New York in which the Met sold decorative works by Renoir and Monet for over \$10m; the Art Institute of Chicago raised over \$6m, from a similar clear out; and smaller galleries took advantage of record saleroom prices to build up acquisition funds. There has not been a murmur of protest. American museums and galleries, owing nothing to Government subsidy, have by wheeling and dealing, and the trend is intensifying.

Last season Christie's in

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cleared out 90 lots of generally second rate stuff for \$6.6m.

It was not always so. When the Met in New York financed its acquisition of the Velasquez portrait of Juan de Pareje for a record auction price of \$5.4m in 1970 by selling off a dozen impressionists, there was an outraged reaction. But the American love of newness and change has made such deals by museums common place and acceptable. How very different from the situation in the UK. In August 1988 the Minister for the Arts, Mr Richard Luce, tried to push British museums

'Sir Denis Mahon will change his will if the National Gallery goes in for de-accession'

and galleries down the same road. The argument was that they were always complaining about inadequate funds while sometimes sitting upon thou-sands of unseen objects in their basements which might usefully be cashed in on the market. There were galleries, notably the National Gallery, the National Portrait Gallery and the Tate, which were legally prevented from disposing of surplus stock. Luce was prepared to change the law in their favour. He asked muse-ums to respond to his initia-tive. And there the matter

The mnseum world has shown supreme indifference and no new legislation is currently in the pipeline, so low are the arts in the Govern-ment's priorities. In public museum directors trot out the traditional arguments against de-accession — that if they start selling off their valuables they will not receive any new begnests, and anything they dispose of today will turn out tance to a future generation.

There is some substance to both arguments. Sir Denis New York sold works of art Mahon, who has built up the

from institutions for a collective \$29.6m, double the level of 1987-88. The business is not one way: museums, led by the Getty, actually bought antiques worth \$37.8m through Christie's last season. Sotheby's is also involved. In the last five seasons the Kimbell Art Museum in Fort Worth sold 64 lost there, raising almost \$10m while the Met in New York cleared out 90 lots of generally

be kept in perpetuity or not.)

There are also countless examples of museums misjudging the taste of the future for ing the taste of the inture for short term gain. In 1958 the Lady Lever Arts Gallery sold off a flower painting by Fantin-Latour, which it probably thought completely undistinguished, for £9,450. Thirty years later it changed hands for 5000 000. for £950,000.

But the main reason why the museums shun the freedom to de-access is that they do not trust the Government. The Minister for the Arts, Mr Richard Luce, made a deal with the museums that he would continue to meeting the main that he would continue to meeting the state of the sta museums that he would continue to provide core funding while setting them free to raise extra revenue from the market place. He has failed to keep his side of the bargain and has reduced support in real terms. The museums fear that their grants would be further reduced after deaccession and that they would be bounced into cashing in their accumuinto cashing in their accumu-

into cashing in their accumulated heritage.

As Mrs Esteve-Coll director of the Victoria & Albert Museum points out "we would have to sell a Leonardo to make any impression on our financial problems." The V&A has disposed of a number of duplicate objects but the sums raised are derisory. Like most museums the V&A prefers to loan out its duplicate material loan out its duplicate material to less favoured institutions.

It is the same at the Royal Armories. Director Guy Wilson has hundreds of identical Napoleonic bayonets, each worth less than £25. Selling them would reduce the price even further and raise peanuts. Wilson also knows the danger in regarding all replicas as the same. In the 1970s the Armories sold off surplus stock, including an undistin-guished Indian matchlock revolver. Subsequent research suggested it had been studied by Dr Colt, inventor of the famous revolver. Fortunately

Even the greatest protagonist of self rule for museums. Dr Neil Cossons et the Science Museum, sees no source of new



Bonnard's 'Nude Standing Before a Screen,' which the the Getty Museum is selling at Sotheby's next month

revenue in the issue. He carries out an annual audit of his stock but the half a dozen replicas or out-dated objects jetti-soned are either given to other museums or just thrown away.

Museums or just thrown away.

Museums see de-accession as
a possible means of saving
money rather than raising it.
In the name of scholarship
they are forced to take care of
thousands of virtually worthless items and a thinning out,
ideally through discovered to ideally through dispersal to regional museums, would provide savings in storage, restoration, and curating costs. That seems to be the limit for most museums of the benefits from the ability to deaccess.

If this seems pretty tame compared with the American experience it is because muse-mns just do not trust the Govms just do not trust the Gov-ernment. They fear that com-plete de-regulation would raise siren voices saying "if the Taie really needs £70m to solve all its problems why does it not sell half a dozen of its Turn-

Directors could live with limited de-accession powers, which confined them to using improvement of their collections to enhance the departments which provided the discourse favoured by Lord Gow-rie of Sotheby's, who is opposed to de-accession which aims to raise money to meet a museum's current costs or for

building maintenance. There should be some reform. The Tate is particularly hampered by the current restrictions. An important part of its responsibility is buying the work of living artists but it is inhibited from trading up in quality. It recently wanted to york. It possessed an inferior painting by the same artist which had been given to it. The benefactor himself suggested that this should be sold to raise money for the new purchase. But the Tate's hands were tied.

The Tate also owns numer ous examples of works by Brit-ish artists which languish in its basements, accounting for the 70 per cent of its holdings which are never seen. Selling a few arises could provide the extra cash for the Tate to buy young contemporary artists when prices are still low. Such flexibility could make limited museum world is reluctant to

Keep the family silver

THE NEWS that the Paul J. Getty Museum is to dispose of paintings and that works are to be sold by the Paul Mellon Center for British Art at Yale will supply further ammuni-tion for those who edvocate that museums in Britain

should follow suit.

The theories behind this policy were recently aired in the FT by Homan Potterton who seems to have swallowed the American thesis hook, line and sinker. It is surprising that Mr Potterton should have done so, for he has served as an assistant keeper at the National Gallery, London and then as Director of the National Gallery of Ireland. Some of his furmer colleagues even consider his attitude as constituting a "trahison des cleres."

Supporters of de-accession, to use this horrid word, draw ettention to the fact that the cash raised in this manner can "pay the cost of some emer-gency" (to quote Mr Potterton) or assist in the purchase of new acquisitions. However, it has to be stressed that such replacements are not necessar-

replacements are not necessarily improvements.

That mistakes of judgement can be made may be attributed to the vagaries of taste. Those of an older generation can well remember that the Pre-Raphae-library file. lites and the Barbizon School were spurned. Yet since then were spuried. Iet since than these schools have regained favour and even the French academic painters, Bougu-ereau, Gerôme etc are admired with a consequent rise in their monetary value. It must then be accepted that

It must then be accepted that it is dangerous to dispose of works of art just because they are no longer in accord with the views of some arbiters of contemporary taste. Will visitors of the Kimbell Art Museum, Fort Worth regret the sale of works by Vigée-Lebrun, Stanzione and Murillo? Might it not even be argued, now that French 18th century art is more warmly appreciated than for some years, Madame Vigée-Lebrun's portrait of Angelica Catalani, the most famous sourano of her day, is a famous sourano of her day, is a highly desirable item. I would certainly enjoy seeing it at Fort Worth rather than the recently acquired early Supper at Emmaus by Bassano. De-accessioning has long

been an American custom, but in recent years it seems to have increased. One argue-ment adduced in its favour is that the present time is a propitious one to sell, as the top of this particular market may have been reached. Yet is it desirable that

museum curators (and, for that matter, trustees) should conde-accession respectable. But it tions as if they were portfolios is a Pandora's box that the of shares. I believe that it is an unseemly attitude for people in such positions. It is also a policy that, by involving museum curators too closely with the art market, could lead to cor-

Many works are given to museums in America for tax advantages. This has frequently meant that they have een accepted with the underbeen accepted with the under-standing that they may be real-ised as assets. It is, of course, true, that certain donors have signed documents to the effect that although they would pre-fer retention, they do not abso-lutely prohibit the sale of works given, or bequeathed by them. I very much donbt if Miss Adelaide Milton de Groot, a true collector with an excel-

Denys Sutton replies to Homan Potterton on de-accessioning

lent eye, would have been best pleased by the sale of many works from her collection (including a Douanier Rousseau) by the Metropolitan Museum of Art.

The history of American collecting is fascinating and includes such patable compile.

includes such notable connois-seurs as C.L. Freer and Grenville L. Winthrop, both prudent enough to protect their collections from dismemberment. Alas, this was not the case with the famous collection of Old Master paintings formed in the mid 19th-century by Thomas J. Bryan who gave it to the New York Historical

Society in 1867, thus it was one of the earliest existing public collections in America. This collection remained intact until only a few years ago when part of it was sold at when part of it was sold at auction. It also seems rather cold-blooded to get rid of several of the French pictures (Bonnard, Degas, Gauguin, Monet) that Paul Getty used to hang at Sutton Place and which, as far as my recollection goes, he was happy to show to visitors.

Mr Potterton will have none of these concepts. He does not

of these concepts. He does not consider that any private indi-vidual should "use a public col-lection to memorialise his or her taste." But he fails to pro-

vide a reasoned case for this mean-spirited view.

I would venture to suggest that an additional pleasure to the purely aesthetic one is provided by the realisation that a bronze or a drawing may have belonged to C.D.E. Fortaum or Chambers Hall or that an Oriental piece was once cherished by Sir Harry Garner or Oscar Raphael. Thus we may experi-ence a fellow feeling with earlier connoisseurs: a senses of continuity is preserved which is a strong strand in the "phi-losophy" of a conservative like

myself.
Our national collections for historical reasons have been formed in a less fortuitous manner than American public collections, they reflect the aggregation of tastes over the years; as such they should remain unbouched. They are symbols of our British national



Gauguin's 'Breton Boy with a Goose:' to be sold by the Getty

T CHRISTIE'S sale of modern Belgian art

last year half the paintings went to non-Belgian buyers. A few key artists such as Ensor, van Rysselberghe, Lemmen, Permeke and de Smet have been widely appreciated for years; others are only now getting known on the international art circuit.

The overall quality of the work by the 60 artists in Christie's second Belgian sale next Thursday is impressive and 1 shall be "bidding" up to £30,000 for a view of the sea at Ostend by James Ensor. Ensor was 20 in 1880 when this was painted and had just quit the Brussels Academy, where he had been written off as "an ignorant

From Brussele Ensor returned to Ostend, his birthplace, where he painted in a state of happy frenzy. He was guided, he wrote, "by a secret instinct, a feeling for the atmosphere of the sea coast, which I had imbibed with the breeze, inhaled with the pearly mists, soaked up in the waves, heard in the wind." The Ostend coast meant a lot to Ensor and he advocated public flogging for the architects who were levelling the curves of the dunes.

At first this painting makes little impact; yet it has an energy that called to mind the wildness and intensity Strind-berg got into his landscapes, to the point where even the skies are felt to have greater sub-stance than air and vapour. Some ambiguity also arises where the shore joins up with

Within the group of well-known Belgian artists, Ensor is a one-off. As a friend of other young Brussels artists. he joined the supposedly avant-garde group Les Vingt though even for their exhibi-tions his work was often rejected and he narrowly

escaped expulsion.
The grisly and melancholy subjects will always be chosen as proof of Ensor's high standing, but I cannot be alone in wishing he had found other, less overt ways of dealing with his tormented inner world.

Any famous Ensor of the important 1880-1900 period, in which skeletons and grotesque or macked figures act out bizarre fantasies, might fetch up to £250,000 today. The average price of all Ensor's work stands at £20,000 having risen by only 270 per cent since 1975. With demand picking up inside as well as outside Belgium 1 expect Ensor's prices to accel-

burglar alarm to appreciate

Robin Duthy 'invests' in a revolver and a rug as well as two paintings Lastly, on October 25 I shall be this month. His purchases are on paper only "bidding" up to £800 for a 19th century Uzbeck Bochara suz-



Self-portrait by Aristarkh Yasif'erich Lentulov

erate towards an annual growth of 15 per cent or more.

the Tula arms factory about a century ago, and sold in its original wooden case with full accessories. Its octagonal bar-rel is decorated at the muzzle At Christie's sale of Imperial and post-Revolutionary Russian art 1 "bid" up to £7000 (estimate £4000-£6000) for a with gold foliage and signed Norman in gold Cyrillic along rare six-shot revolver made at the top. Other metal areas are





Late 19th-centry six-shot

deeply blued and profusely engraved with scenes of mounted horsemen in combat and cavalrymen in an architec-tural landscape. The ebony grip is carved with a stag, a hind and a cupid among foliage and terminates in a lion's head with bared teeth and glass eyes. Apart from being in accellent condition this excellent condition, this revolver's engraving is of high quality. Whatever your feeling about guns, this one has an elegance and sculptural quality that almost demand it be seen as a work of art.

In Europe, firearms have been embelished by the best craftsmen since medieval times, yet the concept of a gun as an art-form is better estab-lished in the US. In Britain, a resurgence of the European tradition is seen in the elaborate engraving requested by those ordering shotguns today. According to Home Office guidance to the Police, no cer-tificate is required for antique pin-fire firearms if acquired as a curiosity or ornament. But it would be difficult to own this

without firing it at least once, so I shall get the necessary cartridges and a licence. This is about the only kind of burglar alarm that should appreciate

At the same sale I "bid" up to £75,000 for a self-portrait by Aristarkh Vasil'evich Lentulov (1882-1943) who in Moscow in 1910 formed with Larionov and Goncharova the "Jack of Diamonds" group.

The members were Russian painters who shared an admiration for Cezanne but who at the same time were attracted to Fauvism and later to Cubism. Thought to have been painted in 1912, this image works well as an experiment in Cubism with a human face, a compromise for someone unwilling to go the full dis-tance into Cubism'e near-abstraction. Moscow in 1910 was a hotbed of radical ideas which overlapped with those fermenting in Paris and Italy. Lentulov worked from time to time in Paris and was one of many Russian artists to produce important and innovetive

No crystal balls are needed to forecast that private art col-lections will again be formed in the Soviet Union one day. The State is already buying in the West, Russian art it once pro-nounced decadent. Demand for any significant painting, whether of the Russian or Soviet period, will strengthen. That's why the best of Lentu-

lov and others like him should

prove a good investment over the long-term with growing

non-Soviet demand underwrit-

ing the price meanwhile.

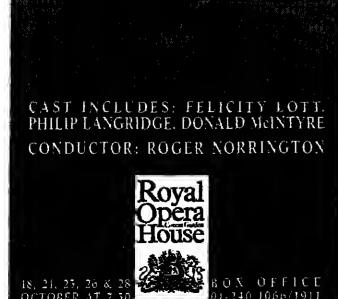
am at Phillips' sale of Oriental and Middle Eastern Textiles at Salem Road, London, W2. Mea suring 2.5 by 1.5 metres it is of hand-woven linen embroidered with coloured silks and would have been a traditional present to a bride to adorn her wedding bed. The decoration was usually of stylised flowers and the natural dyes produced col-ours that were vivid but with-out the garishness of later chemical dyes. Good examples of folk art from anywhere in the world are rising in value. The best suzanis have climbed by 200 per cent over the last five years yet seem good value even now.

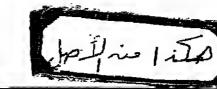
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The Scots come in from the cold

Together with other exhibitions, William Packer finds two notable Scottish shows in London

been making a most particular and distinguished contribution to British art for rather more than a century, and yet their achievement remains one more characteristics of their cale. condescended to than celebrated in Britain at large. Either we ignore the Scots alto-gether, or, when lively young artists do emerge, as they have from Glasgow in recent years, we react as though they had come out of a wilderness. Perhaps they have - preju-dices are to be charished after

all: but two small shows current in London expose the non-sense for the nonsense it is. The most spectacular is at the Fine Art Society (148 New Bond Street W1: until October 20), where the publication of Roger Bilicitie's handsome study, The Scottish Colourists (John Murray: 235) is marked by the choicest selection of the work of S.J.Peploe, F.C.B.Cadell, J.D.Fergussou and Leslie

All were from Glasgow and active from the 1900s to the early 1930s, though Fergusson lived on until 1961. They were no freaks, for there was a vignorate and common lived on the control of the control o orous and cosmopolitan fin-desiècle school in Glasgow, from which they derived their own freshness of approach and awareness of the currency of modernism. Their peculiarly hedonistic vitality is manifest in the stuff paint itself. In Cadell's "Crème de Meuthe" of 1915, the lady resplendent in hlack, gold and scarlet, and even more in Peploe's luscious "Girl in White" of 1907, serpentine upon her sofa, we see exactly that "liquidity of paint" as Billcliffe puts it,

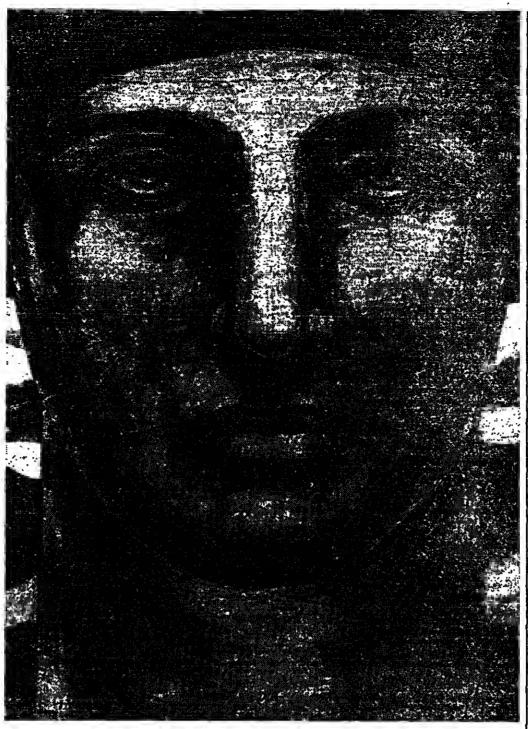
"especially: an obvious plea-sure in the way it can be manipulated by the brush."

The more general show at the Scottish Gallery, Scottish Painting: a continuing tradition (28 Cork Street W1: until October 28), begins with the Colourists, but goes on to make the useful point that the story has hardly been spasmodic in the years since. It is particularly good to see fine examples of the work of William Gillies, a major relater in his even right major painter in his own right and enormously influential as a teacher in Scotland, yet barely known in London. Joan Eardley is shown in some strength, and a large, dark still-life by Elizabeth Blackadder, of 1963, reminds us of her strength and originality in all the painter's media.

Patrick George, who is showing his latest work at Browse & Darhy (19 Cork Street WI: until October 28) is an artist modest aud self-effacing by temperament and practice, but far from modest in talent. He is one of the most particular and gifted of our landscape painters, which means he is one of the best anywhere – for nowhere else but in Britain, it seems, do we still find that quiet and patient search after the essential structures, realisation and experience of landscape — what Cézanne called the "petit sensation." Often with George it is the landscape pared down to the bone, a fragment on a piece of card, a stroke of green, a stripe of brown, simple, delicate and precise. It is all wonderfully evocative, nevertheless, and often very

Gallery (2 Langley Court, Long. Acre WC2: until November 4), is one of the more idiosyncratic of the younger generation of British painters, yet her pictorial mannerisms are not in the least self-conscious or intrusive. Her compositions are lively, the figures odd and gawky, the surfaces active. Particularly engaging here are the several versions of a windswept woman with a baby in her arms, high up on a vertiginous cliff path, with dogs and figures walking on the bright beach far below. The sequence of seated self-portraits with har child, and the many related studies,

are equally satisfying.
Alison Lambert's show at
Long & Ryle (4 John Islip Street SW1) is again entirely of street SW1) is again entirely of drawings, but most of them are as large as any self-respecting modern canvas, such is the current orthodoxy of scale. They are intriguing and often impressive things, the surfaces built up by collage, piece npon asymmetrical piecs, and densely worked with charcoal. Her subjects are the large and simple heads and horses that she showed last year at the Portohello Festival and, latterly, some rather more complex and portentous groups of figures and horses. The sense is of classical figures that might be elements in some larger composition, fragments of statuary. The basic are the more impressive heads are the more impressive, the larger compositions as yet unresolved, though the development is one to watch. The few smaller works show that an impressive statement is not necessarily a function of sheer size.



"Sparten" by Allson Lambert: charcoal on peper

or years, decades, people who matter in Parma have been talking about establishing a Verdi Festival. Originally, the implied model

was Bayreuth; more recently,

given the enviable success of the Rossini Opera Festival there, Pesaro has been care-

fully studied. But Parma is a

city of individualists, and there

has always been some dissent, from unbelievers who deny any necessity of any Verdi Fes-tival, and also from believers

who want the Festival to be done their way, or not all all. Nevertheless, it seems as if

there will be a Verdi Festival and it will begin next year.

though the debate continues.

Last year, as a kind of fore-taste, Parma presented the first performance aver of the collective Requiem Mass for

Rossini, which Verdl organised

the umbrella-title "The Musical Civilisation of Parma." And, during a meeting with the crit-

ics, Rattalino announced some

of next year's plans, which include performances of Ver-

di's first opera, Oberto, in the

little theatre in Busseto, and

successive productions of Il trovatore and its French ver-

sion Le Trouvere for which

in this year's week of music was of world moving impor-

tance, the "Civilta musicale di

Radio

Nostaglia time

most feel on radio is nostalgia. Indeed this is true about most of the arts; we go to Figaro to hear "Vol che sapete," not to think about droit du seigneur. So we have all had a good time this week — devotees of drama, even, who usually prefer something new, had Anoull's Antigone, well done under Ronald Mason on Friday on Radio 3. But the nostalgics among them will remember that this production first went

out in June of 1985. Radio 1, at any rate, offered the first of three half-hours with the Rolling Stones on Saturday, and although this was partly ahout the new Steel Wheels album, nostalgia was at the base of it. I'm no judge, but the new tracks sound much like the older ones. If one of like the older ones. If one of them were played cold, with no hints from the DJs, would it go

straight into the Top 40? Radio 2 took a similar line with Marlo Lanza, in a feature on Tuesday, Be My Love. Nos-talgics will recall this as a romantic number in a film of three decades ago. We heard it twice in the programme; but we also heard "Vesti la giubba" and "Nessun dorma" and "Celeste Aida," so there was more in it than the simple recollection of old-time experiences. We were on to operatic nostalgia, virtually the main reason why opera survives.

There was misuse of nostal-gia in Radio 3's Tuesday play, Schecter, by Lee Gallaher. (I looked np "schecter" in my German dictionary, but it wasn't there, even with a possi-ble h before the t. Is it Yiddish, perhaps?) Schecter, anyway, is the name of a young man who befriends Esther, an old lady who has left her hag on a park-bench, with all her wealth of letters, money, photos and

diaries in it.
"Befriends" is hardly the word, though. He likes to tell her about the man he saw kicked to death in New York, adding later that he was one of the assailants. All the same, she asks him to her "small,

cold room," above the home of her friend Mr Filch. When Shecter tells Filch that he has learnt all about him from Esther's letters in her bag, Filch replies immediately, "We are not Jewish." (Incidentally, he nses "Christ!" as an exple-tive.) This won't do for Schecter; he once saw the two of them coming from a huilding with a six-pointed star on it, hesitating while Filch opened his umbrella, then going back. It turns out that Filch rescued Esther from the Nazis, and possibly Schecter is their son. Esther weeps for his prospects. But this is all. The core of the play is nostalgia for the German persecution of the Jews, with a possible present-day parallel, and to my mind that is not a matter to be

nostalgic about. Eoin O'Cal-laghan directed good playing by Joan Matheson and Maurice Denham as the old pair and Barry McGovern as Schecter. On Saturday, Radio 3 gave us another short play by Dsvid Mamet, Joseph Dintenfass. It had a situation and no more: we were left free to pursue it as we liked. Joseph has two guests at his country home; Michael has gone to bed, his wife Claire is making casual talk with Joseph. The dialogue is full of that conversational uncertainty that Minghella used so cleverly in Cigarettes

and Chocolate, sentences begun but not followed, subjects laid

casually crosswise across each other.
Joseph says, "You must be tired, go up if yon want to," but Claire says "We insulate ourselves from new experi-ence," and "Everyone is curi-ous how people act wheo they're alone, in bedrooms." Joseph says, "A wish influences what occurs," and Claire says. "What do you wish for tonight?" No more than that It was well done, and nicely played by Edward Herrmann and Jane Bertish under Ned Chaillet's direction, but it seemed to me a sketch for, or from, something bigger.

B.A. Young

iterary Cheltenham

Mary Mabbutt, at the Paton

beautiful.

3 HE 40TH Cheltenham Festival of Literature, which opened on October 1, began more dramatic than didactic. At the Every-man Theatre we had *Frida and* man Theatre we had Frida and
Diego, Letters from the Yellow
Chair, about the Van Gogh
brothers, and Nick Dear's The
Art of Success by Paines
Plough, who took some work
shops later. There were song and others, and novelist
and cabaret, but not much literative. Some shows, though,
were themselves literary

Town man in with lan McEwan and Graham
Swift, on Choosing a Subject.
On Sunday, Tim Waterstone,
Our. best bookseller, John
Calder, publisher of Reckett.

J.L.Carr, who published his latest book himself, spoke of the
changes that are taking place
in the book-world today, Calder recitation of Christopher Logue's War Music, and Alison Neil's sketch of the life of Mrs Beston, nicely presented as a

The HE

1.5.7.53

The more critical field came later, such as an illuminating talk on women writers by Janet Todd. The Festival's theme, "Tradition and Revolntion," began to show its colour with Californian Professor David Werner's paper on the Literature of Incarceration. Professor Andrew Gurr gave the annual Shakespeare Lecture, on the changes that editors and players make to Shakespeare's scripts. The first week ended with no fewer than 11 events on a crowded Saturday.

A reading of 17th-century erotic verse drew a packed house to hear words seldom spoken in the Town Hall. Frederic Raphael fired off an interesting yet uncommitted talk on Literature and the Holocaust. Professor Terence Hawkes, interviewed by Michael Billing-ton, seemed to suggest in The Uses and Abuses of Shake-

HERE IS no sadder com-

British record companies to

commit themselves to contemporary music other than that

mentary on the unwill-ingness of the major

speare that the plays only existed through our interpreta-tions of them. At the Every-man, Andy Creed acted Tony Harrison's V: then back to the Town Hall for Melvyn Bragg, with Jan McEwan and Graham

later gave a period on the problems he has had amassing his

Frank Keating should have spoken on cricket-writing, but was away sick and gave his script to Richard Boston. With actor Andrew Potter, he gave an hilarious hour. And averyone's favourite, P.D.James, talked about her novels with Hermione Lee, who earlier that day had, with Simon Rowland-Jones and Niel Immelman, given a beguiling programme of unfamiliar music.

Publishing again on Monday.

J.L.Carr and Jon Wynne-Tyson
explained how to go about publishing oue's own work. A notable event that day was *The Idea of Freedom*, devised by Ursula Vaughan Williams. It had readings on freedom, from Milton to Whitman, and music, including settings of Ursula Vaughan William's Five Rondos by Roger Steptoe, nohly sung by Ann Mackay and Omar Ebrahim — not a likely Vicar of Bray for all his

This was followed by Stephen Oxley's happy playing of the first part of *Tristram* Shandy. Next day there was Bob Kingdom in character as Dylan Thomas, speaking both verse and prose, in the pulpitposh" voice. Very different voices next from two Carib-bean poets, Fred D'Aguiar from Guiana and James Berry,

who lives in England but thinks in Caribbean.

Police guarded the building for Tariq All, but there was nothing subversive in his talk on The Writer under Censor-ship, chiefly about Bulgakov and Grossman, two determined wrestlers with Stalin. A "Question Time" the following day, on Reading and Education for Life, aired some home-grown left ideas from Michael Rosen, Brian Cox and Edward Blishen, with Beryl Bainbridge ou the right. They took too few questions, but were stimulating enough to overrun and delay Heathcote Williams's reading

of Sacred Elephant.
Peter Gale repeated the act
as Gerard Manley Hopkins that
he did two years ago; and Anthea Bell gave an interesting talk, with slides, on translating Asterix, whose 30th hirthday falls this year in France, his 20th in England. She was followed by Roger Bromley with a philosophical talk on memory and narrative that I found extremely interest-ing. There are four more Festival days, full of goodies. I will

cover some of these next week.

Verdi

attractive possibilities a Verdi Festival could exploit. There was, for example, a programme in the great Teatro Farnese, now restored but almost never used. Various problems - of acoustics and seating, among others - remain to be solved; but it was a joy just to sit in that grand and noble setting and hear music of Rameau, Traetta, and Gluck performed in Parma in the mid-18th century when a court minister, Du in 1868-69 but could not arrange to have performed at the time. This year, another antipasto was devised by the Verdi Festival Foundation and hy the newly-appointed artistic director Piero Rattalino, under the unburillatitle "The Musical Tillot was attempting to impose in the little city-state the taste of his native France.The programme, plod-dingly cooducted by Tito Gotti, was intelligently chosen, if inadequately executed.

Similarly, in the Teatro Regio, a weak German orches-tra insensitively conducted made an evening of Verdi hits unpalatable, and even Aprile Millo, who was to have been its star, was ineffectual. Still, she was more enjoyable than Renata Scotto, who - in the church of Roncole, where Verdi was baptised and first played the organ — sang inco-herently a number of Verdi songs interspersed with her intolerably coy comments.

Verdi made some significant changes and added the required ballet.

Though none of the events The pre-festival was a mov-able feast (and it included some magnificent, festive eat-B.A. Young | Parma" suggested some of the ing in Italy's culinary capital).

Besides Roncole, it moved also to Busseto, Colorno, and Fidenza. Known in Verdi's time as Borgo San Donnino. Fidenza was the hirthplace of one of the composer's favourite collaborators, the designer Ger-olamo Magnani. Fidenza's enchanting little opera house – now the Teatro Magnani –

has also recently been restored with care and taste, and in the elegant upper foyer there was a fascinating show of Magnan-I's designs (including those for several Verdi works). In the nal set of Magnani's, the flautist Giorgio Zagnoni, accompa-nied by the painist Alessandro Specchi, played some exhilarating contemporary "fantasies" on Verdi operas, an illustration of the sometimes hizarre ramifications of the composer's popularity.

There were small-scale, but carefully-chosen exhibitions of Verdian documents also in the Biblioteca Palatina in Parma and in the library of the Monte di Pieta di Busseto, the latter arranged by the local Verdi expert Corrado Mingardi, author of Con Verdi nella sua terru a new concise, and exceptionally well-informed guide to the Verida sites.

Actually, during this week it was the places - Verdian and not - that afforded the greatest satisfaction. But this, too, was a good augury for the future festival. To be a genuine success, a festival should take place in splendid surroundings. Thus, if the ear is not satsifed, the eye (and, in Parma, the palate) can offer compensations,

William Weaver

compilation of Britten's Simple Symphony and Frank Bridge Variations (FACD 226) or the

Schoenberg's Brahms

CHOENBERG'S of the playing made clear. The orchestral version of the Brahms G minor Piano Quartet was not long ago a rarity, but is now becoming a big-orchestra staple: its latest Londou outlug was on Thursday, at the Barbicau Hall, in the London Symphony Orchestra concert conducted by Neeme Jarvi.

Bacn iresn increases one's admiration for the orchestrator. This is a masterly, wholly exhilarating piece of work, a rare meeting of musical minds and sympathies. The signatures, indeed, of both composers are visible, and correctly placed and ordered -Brahms's outpourings, middle-European, romantically sweet-sour, are given a new identity by Schoenberg's scoring. The syncopsting stopped horns and tinkls of xylophone and tambourine -sound-colours outside Brahms's own instrumental palette - provide as it were the bridge between the two different ceuturies in which the original and its alter ego

were composed.

Järvi, who always draws
hig-boned sonorities and vigorous responses from the orchestras he conducts, was in his element in the finale: there is a riproaring exuberance about Brahms's gypsy-dance rhythms to which he and the LSO in partnership were well suited, as the hrazen virtuosity

of the playing made clear. The other sides to the Brahms-Schoeuberg "personality" - the faintly mysterious claricet-tioted swirl of the Intermezzo, the sumptuous warmth of the Andante - emerged less surely Pariser too often the surely. Rather too often, the brass and wind lines seemed to take ou a sharp edge; aitogetber shortage of Viennese blend aud an excess of LSO hard-drive. It was an exciting experience, not exactly a warm-hearted one.

In the first half, after a similarly textured Beethoven Egmont Overture, Järvi and the LSO shaped a surprisingly delicate accompaniment to the Beethoven G major Piano Concerto. The cause for toe temporary abandonment of brashness was no doubt the presence on the platform of the young Korean pianist Ju Hee Sub (remembered from the 1984 Leeds piano competitiou), whose lambent artistry is plainly an encouragement to higher things. She offered one of the most nsturally sparkling, glinting, iridescent accounts of this work I have ever heard, every note cut to form part of a lustrous jewel-chain. The inward-turning lyricism of the music was oerhaps somewhat slighted; but on its own terms the performance was a joy.

Max Loppert

Records

The Schlock of the New

of the most circumscribed and of the most circumscribed and conservative hrand than the CD raissue of Birtwistle's Punch and Judy, which appears not on the Decca label which carried the LP release in ear, snazzily packagable style and a knack for self-promotion you might be lucky too. But if you are Alexander Goehr or Robin Holloway, Robert Saxton or Judith Weir, Harrison Bir-twistle or Nicholas Maw then forget it and home that a Prince 1982, but on the small indepen-dent Etcetera label, based in Amstersdam. The reluctance of the major record companies to support new music now seems almost total if an important artist important that is, in industry terms - wishes to record something out of the way, it might just get by, if you are a

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composer with an easy-on-the-

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forget it, and hope that a Euro-pean label will realise that there is more to British music than endless recyclings of Elgar, Vaughan Williams, Britten, and facelass clones Meanwhile praise be to Etce-

tera Records, and some small home-based outfits, who really believe there is a market for new music waiting to be satisfied. It is splendid to have Punch available again, in a smooth clean transfer that per-heps delivers this most unsavoury and disturbing of mod-ern operas with a little too much coolness; the playing and singing are faultless and David Atherton conducts with maximum clarity (KTC 2014, two

Also new from Etcetera is a recording of Xenakis's large-

CHESS No. 793 1 . a4 2 bxa4 Qd3! and White resigned. Black threatens Qxc4+ with Rb3 or Rc1+ to follow. If 3 Rc1 Qxc4+ 4 Ka1 Rc2 5 Qb1 Qc3+ and mates.

scale ballet of the late 1960s, Kraanery (KTC 1075) with the Alpha Centauri Ensemble conducted by Roger Woodward. Because of its sheer scale it remains hardly known at all, yet in many ways it is a summation of all Xenakis had achieved by 1969, a thunderous fusion of live and taped sounds, driven by the kind of energy which no living composer can control so convincingly as Xenakis. The issue comes superbly documented, with unashamedly parti pris articles by Richard Topp and Woodward, and an extraordinary tribute from Milan Kundera ou the incredibla lightness of being a Xenakis fan. As far as I am aware it is the first time Kundera's essay has been published in English.
Erato's IRCAM-inspired

releases have evidently been revivified too. After a desultory handful of issues on LP in 1984 and 1985, seven CDs have now appeared, including transfers of the original recordings. Kurtag's Messages of the late R. V. Troussova and Birtwistle's . . . agm . . . (ECD 88268), Harvey's Mortuos plango, vivos voco, Höller's Arcus and Ferneyhough's Funérailles (ECD 88261) are most welcome restorations, though Phillippe Manoury's

interminable Zeitlauf (ECD 75552) brings back memories of all the worst aspects of IRCAM's produce. On the brand-new issues Emmanuel Nunes' Esquisses and Musik der Frühe (ECD 75551) are marginally interesting and hardly seems more than technically and technologically sound essays in the latest IRCAM idi-oms, but the remaining three are important, rewarding

The pick is undoubtedly the collection of recent Elliott Carter (ECD 75553) — the little woodwind birthday present for Boulez Esprit rude/Esprit doux, the Elizabeth Bishop songcycle from 1975 A Mirror on which to dwell (sung here by Phyllis Bryn-Julsou), Penthods, the intricate ensemble piece com-missioned by the EIC in 1985, and the Oboe Concerto of 1987. played with customary mastery by Heinz Holliger. Few contemporary recordings of the year are more significant. Peter Eötvös's Chinese Opera

and Intervalles Interieurs (ECD 75554) are welcome reminders that the musician best known in Britain for his conducting is also an accomplished and often strikingly original composer. while though Ligeti's Horn Trio and Piano Studies (ECD 75555) have been recorded

before they are the kind of new works which require repeated and profound reinterpretation. The Ligeti Studies also turn up on one of the first batch of releases from a new indepen-dent British company, whose energy and commitment ought to shame their larger competitors, but probably wou't. Factory Records is consciously aimed at the younger eod of the market, and evidently has a catholic outlook. The packaging is consciously arty, the performances at least efficient, though some of the choice of the repertory seems a little strait-laced. The recital by the ohoist Robin Williams, for instance, includes the Pouleuc Oboe Sonata alongside Brit-ten's Six Metamorphoses and the Hindemith Sonata (FACD 236), a selection which is not going to illuminate too many dark corners of the oboe literature, any more than is the Kreisler String Orchestra's

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Duke Quartet's Shostakovich and Tippett (FACD 246). But the piano recital by Rolf Hind (FACD 256) is worthwhile; as well as the Ligeti, it includes Carter's early Piano Sonata, one of Messiaen's hirds, and Steve Martland's Kgakala, all of them hrilliantly realised. Martland's Drill and Babi Yar make up the last issue (FACD 266) the first a two-piano piece of outstanding aggression and hard-edged drive, the second a complex orchestral study that is perhaps his most ambitious under-taking to date. Martland is an important, slightly wayward young voice, and needs all the encouragement recordings like these can muster. Andrew Clements



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Peter Berlin gets into the swing for baseball's World Series which starts today in California

Giants need Will-power to keep Oakland on the run

S THEIR teams drop out of contention each season, basehall fans cheer themselves hy vowing: "Wait till next year!" On Monday evening across North America, those supporting 24 of the 26 major league clubs were reduced to doing just thet. But for the remaining two clubs, the waiting is nearly

This afternoon in Oakland, California, the San Francisco Giants and the Oakland Athlet-Giants and the Oakland Athletics begin the hest-of-seven World Series (a confrontation which has brought suggestions that the sport's name he changed to Bay's ball because the clubs come from opposite sides of San Francisco Bay).

For Oakland, the wait has been short. Last October, they entered the World Series as entered the World Series as overwhelming favourites as before folding against the Los Angeles Dodgers to earn themselves one of the most dreaded labels in American sport: "Choker" — meaning they crack-np at the crunch. Now is their chance to prove they are as good a team as they clearly as good a team as they clearly

believe themselves to be. For San Francisco fans, the wait has been much longer. The Giants have not won a World Series since re-locating to the west coast from New York in 1958. In that time, they have appeared only once in what American sports writers call the "Fall Classic" — in 1962, when they lost to the

New York Yankees.
For long stretches in the intervening years, especially in the early '80s, the Giants have been truly awful. The delirium with which 62,000 fans greeted their melodramatic clinching victory over the Chicago Cubs at Candlestick Park, San Francisco in the National League championship on Monday was perheps the expression of the pent-up hopes of those long,

Both Oakland and San Francisco won their respective league championship play-offs 4-1. But neither series turned out to be the expected traditional pitching duel. Both were dominated to an extraordinary extent by one player. Rickey Henderson, Oakland's explosive, grandstanding left-fielder broke the Toronto Blue Jays' spirit with his hase running while Will Clark, the Giants' All-American first baseman, crushed Chicago with his abil-ity to hit at key moments (he also got hits at less important moments on his way to shat-tering a host of play-off batting

records). Despite the lop-sided results, though, the play-offs were unusually exciting. The Giants' victory over Chicago was espe-cially frantic. In each of the last three games the Cubs took an early lead, only to be over-hauled and then fall tantalis-ingly short in the final rally.

Off the field Henderson looks unthreatening, even studious, in his wire-rimmed spectacles and baggy trousers. At 5ft 10in, he seems tiny alongside the

given the Athletics an extra dimension since he returned in mid-season after a seven-year spell with the Yankees. The arrogant way he plays, slowing to a walk when he knows he has stolen safely, annoys oppo-nents who call him "hot dog." In Toronto, fans pelted him with hot dog buns.

Before Henderson's arrival. Oakland relied largely on their powerful line-up of sluggers to score runs. But even the very best home-run hitters – such as Oakland's José Canseco, or Kevin Mitchell of the Giants – average little better than one homer every four sames. The homer every four games. The World Series can be over in four games. Canseco's contribution last season was one home run and a huge collec-

The golden rule of baseball is that good pitching always beats good hitting. There has been precious little in this year's post-season play'

musclemen who dominate the As' roster. On the field he is tightly-wound, explosive and unpredictable. Above all, he loves to be the centre of attention to provoke and unnerve opponents, "Rickey learned to strut hefore he could walk," said Lloyd Moseby, a Toronto Blue Jay who grew up playing Little League with Henderson in Oakland.

Henderson's forté is stealing bases. As the pitcher throws to a batter, any of the batter's team-mates already on base can set off for the next one, gamhling they can beat the catcher's throw there. By mid-way through the second game against Toronto, Henderson had stolen seven bases to break the record for a best-ofseven series. On three occasions, he gained two. He was so quick off the mark that Ernie Whitt, the Toronto catcher, gave up even trying to throw him out. The demoralising effect on the Blue Jays was

Henderson's ability to

20 Nice buil! (4) 21 Cake cooked by circulating

book (6) 24 Stern law-maker for a num-

ber of stars (5)
25 Bunyan's vision to behold

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air (7)

This year, the Blne Jays were hurt by the inability of Fred McGriff, the top home run-hitter in the American League regular season, to con-nect in the play-offs while André Dawson, the Cube' men-acing veteran, stranded runners on the bases repeatedly as he tried unsuccessfully to set-tle games with one big swing

for the fances.
With Henderson, Oakland
now look like the complete
team. They no longer depend on the home run but still hit more than anyone else. They have four excellent starting pitchers, led by the expression-less Dave Stewart and backed-up by a phenomenon called Dennis Eckersley. He is a "fireman" who stalks to the pitcher's mound late in the pitcher's mound late in the game to relieve a tiring starter in a tight position. He specialises in blasting out the last few batsmen with a small repertoire of power pitches and a large helping of sang-froid. Echersley "saved" all four of Oakland's wins over Toronto; and if Oakland win the World Series, it's a safe bet that the "Eck" will throw their last

pitch.
If the Giants pull off an upset, there is a good chance the winning bit will come from Will "The Thrill" Clark. He set-tled the final game against the Cubs when he came to the batting plate with the bases loaded in the eighth inning. loaded in the eighth inning.
Don Zimmer, the Cubs' manager, sent immediately for his
top reliever. Mitch "Wild
Thing" Williams. He fired two
strikes past Clark but, with
just one life left, the batter
slammed the ball back at Williams - who could only duck as it sped past him. Those on base raced in to score the runs that put the Glants ahead.

While Henderson was tear-ing up the records for base-running, Clark was doing the same in the hitting department. He cracked a record-breaking 13 in 20 times at bat in the National League champi-onship. In his baseball gear, he resembles actor Keyin Costner in the film Bull Durham. His quiet competitiveness and effi-cient excellence make him a natural American hero. He has a copybook batting swing which remains absolutely consistent even under the greatest pressure, as does his concen-tration and self-belief. In his quiet way, though,

Clark is every bit as arrogant as Henderson. As he prepared for his crucial confrontation with Williams, team-mate Kevin Mitchell urged him to "Get the joh done!" Clark replied: "It's done," before going out to fulfil his boast. Clark is supported power-fully by the other batters in the top half of the Giants order. His club is stronger in fielding and has shown a team spirit that Oakland's troupe of super-stars appears to lack. But the lower batting order and substitute batters clearly are weaker than Oakland's. and the Giants' pitching is in a

terrible mess. Their top two pitchers are Scott Garrelts (on his day, a match for anyone at Oakland) and Rick Reuschel, a 17-stone, 40-year-old known as "Big Daddy" who gets by on guile, accuracy and subtle changes of



Oskiand pitcher Dennis Eckeraley is hugged by catcher Terry Steinbach and leept-on by baseman Mark McGwire after the Athletics best the Blue Jays in their American League play-off

TELEVISION & RADIO

pace. But both were biffed around relentlessly by the Cubs, as was Steve Bedrosian. the Giants' answer to Ecker-

The rest of the pitching staff are fairly average and, worse still, injured almost to a man. Chicago's collective batting average against them was extremely high; it was the Cubs' inability to turn hits into runs that lost them the play-off series. Clark and Henderson could teach them a thing or

two about that. The golden rule of baseball is that good pitching always

beats good hitting. So far in this year's post-season play, there has been precious little good pitching.

If there is going to be any in the World Series, the chances are it will come from Oakland. If the Gants are to upset the odds and end their fans' championship hunger, they may have to rely very heavily on

Life with the Lions

THE STOCK MARKET is in a gloomy mood at the moment. But there was no problem for brokers Jacobson Townsley in floating Millwall Holdings, the company that owns the south London football club. The offer, which closed this

week, was oversubscribed.
Traditionally, investing in
football has been virtually
a licence to lose money and
indeed Millwall's three-year results record shows only one year of trading profit, and that was wiped out by a deficit on transfer fees. But behind the hare financial record lies a remarkable metamorphosis. The club was founded 104

years ago by a group of workers employed by J T Morton & Co, manufacturers of jam and marmalade. Because many of the workers were the Scottish, the club dopted the lion of St Andrew as an emblem, leading to its modern nickname "the Lions." For most of its life, Millwall has been a poor relation of more famous London clubs such as Arsenal, Tottenham or Chelsea. The team languished in the lower divisions and despite its skill mysions and despite its skill in developing young players, it proved unable to prevent such players leaving for other clubs. Sadly, the club's most notable characteristic was the reputation of its fans for

hooliganism. But under the astate management of first George Graham (now in charge of champions Arsenal) and John Docherty, the club has climbed into the First Division for the first time in its history. Chairman Reg Burr says that he believes the restored fortunes of the club have prompted a better standard of behaviour from the supporters. He recalls that when the club was promoted, a fan approached him and said "Don't warry. We won't have any trouble. We won't allow anyone to spail it for us." Burr, who with the rest of his board moved into the club three years ago, thinks that the more closely the club identifies with its locality, the better the crowd will behave. "As a football club we had two ways to go, either get involved with property speculators or go back to our roots, in the community," he says. So far, the club has seen a decline

The link with the

community has had a spin-off benefit. Millwall is sponsored by the local Lewisham council, which owns the site where Millwall wants to build its new ground – just 800 yards from its current home at the Den. Ground moves are notoriously unpopular with supporters but Miliwali believes the proximity of the two sites will calm the fears of the fans.

24.5

What about the other well-known worry, that clubs which pursue profits cease to care about either the fans or the team? When a club has to serve its shareholders, how can it turn down the big offers that are inevitably made for its star players?. Burr insists that: "We will not sell players that will affect our overall performance because that would not be in the company's

Indeed, the accounts show how Millwall depends for its prosperity on first division status. After promotion to the premier tier, match receipts leapt from £662,000 to £1.25m and the levy received from the FA and Football League extinuity to £540,000. sextupled to 2540,000.

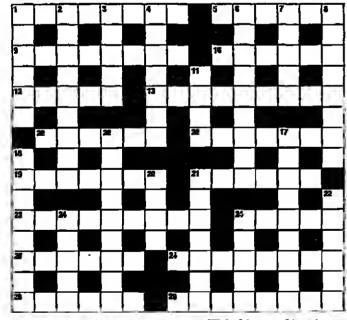
But annual turnover remains pretty small heer, in leisure industry terms, at £2.73m and when one compares British soccer with America's giant NFL clubs, it seems all the more parochial. The administrative structure of the game, with two authorities, and 92 League clubs must be to blame. Football is badly managed because it is difficult to reconcile the legitimate requirements of Exeter City and Manchester United," says

So how did Millwall persuade hardened investors: to back it? After all, Burr has no great track record, having been a director of the failed Vehicle & General insurance group. The answer appears to lie in Millwall's intention of diversifying into other areas of the leisure industry, as Tottenham has done before. it. But one wonders whether the romance of football has worked its spell again.

Philip Coggan

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1 Cricket underground is a purely experimental piece

5 These days, degeneracy needs counselling (6)
9 Demonstrate craft of Jerome

Kern (8) 10 Shocked to see hats fashioned with silver in front (6) 12 Express total (5) 13 Type of engine set to work in error? (3-6)

27 Mews, hail-damaged, needs a wall-coating (8) 28 Limp ring-work in boring surroundings (6) 29 Harvester's punch? (8)

DOWN

1 US spot, possibly, for a gamble (4-2)2 Baseball players in pants and cap? (9) 3 Ibert composition that flows

4 End in bed, being devastated (7) 6 Understand, I count by finmoth can go (5) 8 Appeal in French, by con-

11 Ring up a nursery favourite 15 Extremely colourful butter-

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200 am New Adventures of Mighty Mouse.
215 Eggle 'n' Belter. 223 Thurdenom. 200
Going Livet 12:12 per Westher. 22:13 Grandstand Including 12:25 Footbell; 12:35 Gott
(Suntory World Matchplay Champlonship);
1:10 News; 1:15 Boding from the Beyhaut
and Ceetic Leisure Certer. 1:28 Mother Racing
(Esta British Touring Car Champlonship);
230 Resing from Asout, 2:15 Booker (Robbmans Grand Prix); 2:30 Recing from Asout
2:40 Raling Globial Rally Chellenge from the
Yorishins Forest); 8:50 Recing from Asout
2:40 Gott-4:25 Fines; 8:50 Fines from Asout
2:40 Gott-4:25 Fines; 8:50 Fine Rose
1:40 News. 5:18 London - Sport, 6:18 Fines
1:40 News. 5:18 London - Sport, 6:18 Fines
1:40 Fines, Alloi 7:28 Fines Abbot. 2:58 All
Creatures Great and Small.
2:58 News and Sport, 8:58 Fine: The Lorde
of Discipline" starring David Keith and Robert Prostor, 1:40 Fines Abbot. 2:58 All
Creatures Great and Small.
2:58 News and Sport, 8:58 Fine: The Lorde
of Discipline" starring David Keith and Robert Prostor, 1:40 Starring Liquiders with Sue
Lauriey whose guests Include Keith and Robert Prostor, 1:40 Fines: "Kee of the
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ANGLIA

12:30 pm The World of Golf. 5:15 Who's The Boss? 6:05 You Must be Joing.

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SCOTTISH 12:30 cm Retreso.

TVS TYNE TEES

ULSTER

YORKSHIRE

8:00 sm David Jacobs, 8:58 Sounds of the 60s with Jimmy Terbuck. 16:59 Anne Robinson, 12:59 Gerald Herper, 3:59 per The Jimes Hucklines. 1:59 Sport on 3 Including Footbal, Regby Union, Golf, Hodeny and Recing from Asoot, 6:00 Cirema. 2: 6:39 Enals of Sport, 7:50 The Press Geng. 7:59 Sathyrlay Gela, Might, 2:59 String Sound, 7:505 Bertar Kalmer, 12:05 sm Hight Ovine, presented by Deve Gelly, 1:59 Patrick Lurk presents "Highsride", 2:50-4:09 A Little Hight Sausic.

RADIO 3

ULSTER

rish am Morning Concert, acid News, Icid Franch Music, acid Saturday Review, 1:50 per Jews, 1:56 From the Feetivale 150th Two Jongerts, Chamber music from Vanice by Monteverdi, Gelsezzo Sabbatini, Camillo Monteverdi, Gelsezzo Sabbatini, Camillo

Scale Debut: Mesthew Stanley and Beren-dina Cook (place): Beetheven (Variations on a thome by Baron Waldstein), Berg arr Apos-lei (Variations on a Steme from Luts), Barle-ley (Sonatine), Saint-Seens (Wedding calva-capvice walts), Wardon (The Old Codger), 25S Jazz Record Requests. 4cet. Critical Forum, 530 "Die Walturs," the first Instal-ment, of Gotz Priedrich's production of Weg-ner's Ring cycle, direct from the Royal Open House, Goverx Garden, conducted by Ber-

nard Halbrit. The cast includes Jemes Morta as Wotan, Heige Dermeach as Fricks and Geynneth Jones as Enumbilde foung in German). 229-715 Got: Friedrich discusses bis production and Berry Millington balls, about Tilings' around the world; 3:75-8:38 Nicholas. Kenyon investigates the programs of the Royal Opera's "Ganden Venture", and Gotz Friedrich discusses the relationships between the director and conductor, 10:55 Mr. Ves. (Play by Gabriel Josepsych, 11:25 Mooart: Plano Quartet in E Sat K 483, 12:30-12:96 ass News.

23.75

QAS-

S (25)

RADIO 4

7:06 am Today, 9:00 Nows. 9:05 Sport on 4, 8:36 Bresidaway, 16:36 News; Loose Ends (s). 71:38 News; Conference Special: Conservative. Michael Ellot reviews events at the Conservative party Conference in Blackpool. 71:38 From Our Own Correspondent. 18:58 Money Box. 12:25 pm The News Guiz (s). 12:35 Westing.

1:08 News. 1:18 Any Ousetlone? 2:50 News; Any Answers? 2:50 Blues in a Flat (s) Play by Still Morrison. 3:46 A Nautical History of Music with William Sounian Murphy. 4:00 News; Age to Age. 4:25 Science New, 2:00 News; Age to Age. 4:25 Weet Ending. 5:50 Shipping Forecast. 5:55 Weather. 6:00 News; 500th Shound-up. 4:25 Citizens (oranibus addison) (s). 7:16 Ad Lib.

m Mind (a). BSD Ton to Tee (a), EAB Weather. The Order Jeters, 16-15 The Sasturday Feature: The Scattest Dark Horse. Geoffrey M Motificence Mile the story of the contest grant of Sourtest O'Hara in 'Gone with the Wind' and the screense who wands the Wind' and the screense who wands Lenin of the Fetter, Deer Patter (a). 11580 Lenin of the Torrery starries, Alexal Says. 11580 Arnold Brown and Company, 12:00-12:28 ass Novel.

SUNDAY

BBC1

255 mm k's My Pleasure. 258 This is The
Day. 16:50 A Like Of Our Own. 16:25 Hind
Urdu Bol Chasil. 18:59 Golt; Surtory World
Matchipley Championship. 12:05 pm See
Neari 12:36 country File. Brian Reduced talks
with the Scoretary of State for the Environment, Chris Patten, about the Consorvative
Party's "green" Streate, 1:50 News. On The
Racord. Jonettus Ulmblety looks at the test
shead for Kenneth Carke — to convince the
electorate about his controversial health
reforms. 250 The Choines Show.
25 summer. 250 The Choines Show.
245 My Family And Other Antimals. 6:15
Stepping Up 6:25 News. 6:06 Songs Of
Praise. 7:15 Last Or The Summer Wine. 7:96
Houserd's Way. 255 Bread. 255 Film: "The
Mountain And The Mothell"; starring Michael
Gough and Michael Quill, 12:25 News.
12:56 The Sicy At Night. 12:15 Mosaic.
11:55 The Sicy At Night. 12:15 am Network
East. 12:55-1:50 Weather.

2:10 am Smoggias (Cartoon), 2:35 Unbrells. 2:30 The Hallo Spancer Show, 6:35 Corners. 2:30 Valoraries (Carcoon), 5:35 Blas Pater Omnibus, 18:45 Bluebirds, 17:16 Beopos, 11:50 Ths O Zone, 112:59 Film: "Sattion West", sturring Dick Powell, 1:30 pm Gost-live coverage of the first round of the Sur-bory World Matchpley Champtonship at Wer-morth, 3:50 Shootes: tourth-round highlights in the Rothmans Grand Prix from Reading, 4:16 The Armeda, Ech Routy Socials Not-

LONDON

820 ats TV-orn Bresidest Programme. 925 Children's ITV: The Disney Club. 1845 Link. 11:00 Morning Worship from St Woolce: Cathedral, Newport, Owent. 12:90 The Harney

12:55 Local news and weather, 1:86 TR News, toflowed by national weather, 1:19 The Walden Interview: Brian Walden tails with Bayan Gould, MP, Shadow Servery for Trade and Industry, 2:50 Coronation Street, 2:50 Editional vestile. LWT Donor Campaignt latest news, 8:50 Sanday Sunday, 8:50 The News, editional vestiler, 8:50 Local news and weather, 8:50 Editional Vestiler, 8:50 Local news, 8:50 The News, antional vestiler, 8:50 Editional Vestiler, 8:50 TN News, authorial weather, 16:50 Local vestiler, 10:19 Haje & Pace, 16:50 The South Bank Show _ Kan Russed - A British Picture, 11:30 The World Of Soci. 12:10 am The ITV Chart Show followed by ITN News Nessigness.

CHANNEL 4

S4C WALES

12:20 pts Farming Diary, 2:30 Angila Soccer, 2:30 Films "Wonder Woman", starring Camp-Lee Grosby stars, 4:50 Wheel of Fortune, 5:30 Coronation Street (oranibos edition). 11:40

12:20 pm Here And Now, \$580 Highway To Heaven, 2:55 International Football Special: Hendly match between Nety and Bruzil Football Bologna. 4:30 Wheel of Fortane, 8:30 Corone-

GRAMPIAN 1845 am Robostory, 11:15 Sunday Service from Meanna Castle Church, Newton Meanna Castle Church, Newton Meanna 11:06 Link, 12:09 am Landmark, 12:50 Feature Film: "The Trap", starring Richard Widmark, Lee J. Cobb and Tima Louiee, 42:9 Classmates, 50:05 Section, 2:05 Section 3 War, 11:40 Prisoner; Cell Stock H.

CHANNEL

CRANADA Table pen This is Your Right 259 McCloud. 3:50 First Division Special. 4:50 Cartoon Tims. 5:60 All Clued Up. 5:30 Coronation Street (omnibus edition). 11:06 Prisoner: Get Block H. 12:50 am Culz Night.

12:39 pm Clive's Countryvise, followed by Weather for Farmers, 2:80 Pilgrimages, 12:30 'Red River', starring John Wayne, Joanne Dru, Water Brensen and Montgomery Gift. 5:30 Coronation Street (employs edition), 11:40 Prisoner; Cell Block K, fellowed by ITN News headings.

HTY WALES as HTY except.

12:00 Water on Sunday, 12:39-12:35 pm Farmers Water 2:40. Pm Kehrn Water 2:40.



Michael Wood presents the series Art of the Western World C4, 4pm

TETS Link. 11:30 Sunday Service from Man-well Mazzna Castle Church, Newton Messna. 12:50 pm Scottleh Supplaneent. 230 Land-nark. 230 Highway 70 Heaven. 450 Climp-nates. 3:50 Scotsport. 5:30 Scotland's War. 11:46 Matiock. TSW

10:45 am Unit, followed by Constantly Link. 12:30 pm Farming Neves. 2:96 Fisheries Neves. 2:15 The Sunday Medines: "Durling LSF, starting Julie Andrews and Rock Hud-con. 4:26 Cossonates. 2:00 ALF. 2:26 Corona-bor Street (constant edition). 1:46 Crime TVS 12:30 pm TVS News. 12:03 Cover Story. 12:08 TVS News and weether, 17:09 Music Makers. 12:10 am Sunday Chema: "Worsen in Love", starring Glands Jackton and Jamie Linden.

12:39 pm Preview. 2:90 Verture. 2:90 Cork 20 Motor Rally 3:0, 3:00 Sportsheet Special -from Kirkstown. 4:31 What On Barth Are We Doing? 8:39 Connection Street (consisten edition). 11:49 Motatiers, Madman & Machines. 12:38 sm 0;46 Mght. YORKSHIRE: RADIO 2

RADIO 3

RADIC 3.

208 am News, \$35 Your Concert Choles.
10:20 Music Weeldy. 11:15 BBC Scotlish Symphony Orchestra: Museorysity (Pretade to Movemetorina; A Night on the Bars Moundair), Rachmaninov (Symphony No 3; 12:20; page Emanuel Ax (plano): Beethoven (Sorata in F Op 64, Schoenthary (6 Pieces Op 23), Beethoven (Erolca Variations).

12:20 Bardous Music with Choes. English Copent directed by Trever Princopic Handel (Coocerto in B Bet, 'a due con'). Telemann (Coentrae in G minor). 1:25 Foet of the Month.

C.H. Sisson reeds from bis translation of Luoretius' 'De rerum natura.' 2:50 Casch. Music for Volin and Plano played by (Cayots.)

gai Starzes), Dworsk (Sonstina in G), Janacek (Sonsta), 225 Sartia Philitermonic Orchestra: Prokofev (Symphony No 5), 268 Sarcque Massic (Symphony No 5), 268 Sarcque Massic with Obose. Soldats and the English Contest diversed by Tree Phinack Telemann (Concerto is 8 set for 3 chose, 3 wiches and continuor. Concerto in G for wichin and string orchestra: Curernare in 8 flet, "Musique de table: production 5), 430 Celebrity Recital. Peter Schreier (tamor) singe Schuchert songe: Songe to posses by Felistal from Schwanapseang (MM (retreet Recital) 628 Goethe settings, with Geoffrey Paraces (ptano).

Ents Professor Gir Alfred Ayer (1970-1986) talking in Ted Honderich about his He and wood, in an interview recorded shortly before his death. 708 Souths Chamber Orchestra Conducted by Peter Masseel Davise, with William Connex (cello: Seethoven (Chambers, Prometheus), Maxweel Davise (Cello Concerts, Strainchyde Concerto No 2), Schubert (Physphony No 3). cente, Strainclyde Concerte No 2), Schubert (Dynphony No 6).
23: Schopin and Szymanowski pisyed by Startin Roscoe (pissok Chopin (2 Noctornes Op 45), Stymanowski (Rasquas Op 24), Chopin (2 Polonsiase Op 25); \$11 Mistry String Chartet with Devid Mastinson (buritone); Bops (Oparet in Finlor), George Butter (Dove Rosus as the Wind Blows), Barbor (Dove Bacch), Doversk (Dates Bach), Ororak (Datesta in Fous-ian Orthodox (Burgy by Pavel Grigor yevich Cheenolov, 12:89-12:35 see News.

Cooke, 9:29 Morning Service. 18:16 The Archers (cornelsus addison). 11:16 News Stand. 11:28 Fick of the West (S). 12:15 per Desert Island Discs (S). 12:16 Westher. 1:25 Shipping Foreman. 2:26 Gardeners' Question Time. 2:28 No. Name. by Wilde Collins (S). 2:26 Not for Glory. 4:26 The Music of St Matthew (S). 4:47 Transure islands. 3:50 News. Down Your Way. 5:56 Shipping Poreosot. 5:35 Westher. Acts 11:26 Shipping Poreosot. 5:35 Westher. ette News, et al. 201 The Root of the Mat-ler Femillering, 6:50 The Root of the Mat-ler 7:00 News: Cal's Whistows. 7:20 Book-shell, 8:30 Last Chance to See (5), 6:30 The Chinese People Stand Up. 8:40 News. Just Three Whitne (5), 2:15 The Natural Hestory Programme. 8:30 Wester. 18:20 News. 16:15 Proty Seconds and Hest & MRIGH Pounds (3), 11:35 The Christian Centuries. 11:26 Seeds of Fests (6), 12:26, 12:26 Jan. News.

RADIO 4